

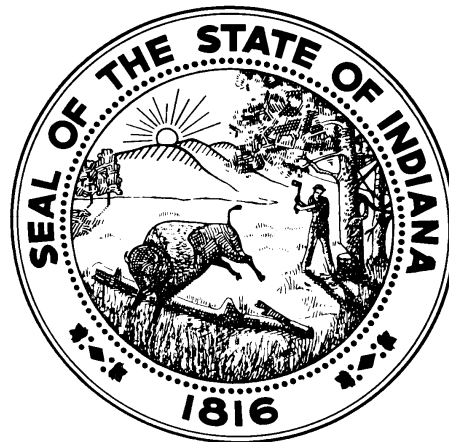
STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

ANNUAL FINANCIAL REPORT

2007

CITY OF TERRE HAUTE

VIGO COUNTY, INDIANA



FILED
09/03/2008

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Auditor's Report on Financial Statements and Supplementary Schedule of Expenditures of Federal Awards	3-4
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	5-6
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	7
Statement of Activities.....	8
Fund Financial Statements:	
Balance Sheet – Governmental Funds	9-10
Statement of Revenues, Expenditures, and Other Changes in Fund Balances – Governmental Funds	11-12
Reconciliation of the Statement of Revenues, Expenditures, and Other Changes in Fund Balances of Governmental Funds to the Statement of Activities	13
Statement of Net Assets – Proprietary Funds.....	14
Statement of Revenues, Expenses, and Other Changes in Fund Net Assets – Proprietary Funds	15
Statement of Cash Flows – Proprietary Funds	16
Statement of Fiduciary Net Assets – Fiduciary Funds.....	17
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds	18
Notes to Financial Statements	19-42
Required Supplementary Information:	
Schedules of Funding Progress	43
Schedules of Contributions From the Employer and Other Contributing Entities	44
Budgetary Comparison Schedules	45-47
Budget/GAAP Reconciliation	48
Combining Balance Sheet – Other Governmental Funds	49-56
Combining Statement of Revenues, Expenditures, and Other Changes in Fund Balances – Other Governmental Funds	57-64
Combining Statement of Fiduciary Net Assets – Fiduciary Funds	65
Combining Statement of Changes in Fiduciary Net Assets – Fiduciary Funds.....	66
Audit Results and Comments:	
Bad Debts and Uncollectible Accounts	67
List of Employees Not Filed With County Treasurer	68
Compensation and Benefits	68
Overdrawn Cash Balances	68
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.....	70-71
Schedule of Expenditures of Federal Awards	72
Note to Schedule of Expenditures of Federal Awards.....	73
Schedule of Findings and Questioned Costs	74
Auditee Prepared Schedule:	
Summary Schedule of Prior Audit Findings	75
Exit Conference.....	76

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	William P. Long Leslie A. Ellis	01-01-07 to 12-31-07 01-01-08 to 12-31-08
Mayor	Kevin D. Burke Duke A. Bennett	01-01-04 to 12-31-07 01-01-08 to 12-31-11
President of the Board of Public Works and Safety	William D. Lower	01-01-07 to 12-31-08
President of the Common Council	James P. Chalos Todd Nation	01-01-07 to 12-31-07 01-01-08 to 12-31-08



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE CITY OF TERRE HAUTE, VIGO COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Terre Haute (City), as of and for the year ended December 31, 2007, which collectively comprise the City's primary government basic financial statements. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and for the year then ended, in conformity with accounting principles generally accepted in the United States.

The Schedules of Funding Progress, Schedules of Contributions From the Employer and Other Contributing Entities, and Budgetary Comparison Schedules, as listed in the Table of Contents, are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with Government Auditing Standards, we have also issued our report dated July 23, 2008, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the City taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The City has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively compromise the City's basic financial statements. The Combining Schedules, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

STATE BOARD OF ACCOUNTS

July 23, 2008



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE CITY OF TERRE HAUTE, VIGO COUNTY, INDIANA

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Terre Haute (City), as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 23, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the City's management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

July 23, 2008

CITY OF TERRE HAUTE
STATEMENT OF NET ASSETS
December 31, 2007

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
<u>Assets</u>			
Cash and cash equivalents	\$ 8,069,135	\$ 3,060,138	\$ 11,129,273
Receivables (net of allowances for uncollectibles):			
Taxes	941,214	-	941,214
Accounts	858,461	1,324,965	2,183,426
Interest receivable	66,775	-	66,775
Other receivables	233,975	-	233,975
Intergovernmental	494,668	-	494,668
Loans	499,046	-	499,046
Prepaid expense	130,411	22,715	153,126
Deferred debits	961,246	874,843	1,836,089
Restricted assets:			
Cash and cash equivalents	25,439,217	25,273,781	50,712,998
Investments	228,000	-	228,000
Interest receivable	-	157,373	157,373
Capital assets:			
Land, improvements and construction in progress	59,588,455	16,574,719	76,163,174
Other capital assets, net of depreciation	19,857,704	53,995,741	73,853,445
Total assets	117,368,307	101,284,275	218,652,582
<u>Liabilities</u>			
Accounts payable	943,604	223,410	1,167,014
Accrued payroll and withholdings payable	945,106	-	945,106
Contracts payable	2,678,744	243,490	2,922,234
Accrued interest payable	27,751	-	27,751
Deferred revenue	947,275	31,555	978,830
Payable from restricted assets:			
Accrued bond interest	370,612	-	370,612
Revenue bonds - due within one year	131,540	395,000	526,540
Noncurrent liabilities:			
Due within one year:			
General obligation bonds payable	2,805,000	-	2,805,000
City's share of fire protection district bonds payable	18,240	-	18,240
Capital lease obligations	55,964	-	55,964
Notes and loans payable	121,723	-	121,723
Due in more than one year:			
General obligation bonds payable (net of discounts or premiums)	40,430,000	-	40,430,000
Compensated absences	1,490,339	116,017	1,606,356
Revenue bonds payable (net of discounts or premiums)	4,476,945	27,425,000	31,901,945
Capital lease obligations	968,848	-	968,848
Notes and loans payable	8,014,336	-	8,014,336
Net pension obligation	24,391,853	-	24,391,853
Total liabilities	88,817,880	28,434,472	117,252,352
<u>Net Assets</u>			
Invested in capital assets, net of related debt	34,850,366	42,751,703	77,602,069
Restricted for:			
Public safety	433,362	-	433,362
Highways and streets	862,539	-	862,539
Sanitation	4,069,745	25,429,854	29,499,599
Economic development	1,145,192	-	1,145,192
Culture and recreation	347,274	-	347,274
Debt service	1,543,235	-	1,543,235
Other purposes	3,447,025	-	3,447,025
Unrestricted	(18,148,311)	4,668,246	(13,480,065)
Total net assets	\$ 28,550,427	\$ 72,849,803	\$ 101,400,230

The notes to the financial statements are an integral part of this statement.

CITY OF TERRE HAUTE
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2007

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Totals
					Governmental Activities	Business-Type Activities	
Primary government:							
Governmental activities:							
General government	\$ 10,341,672	\$ 1,803,654	\$ 1,110,421	\$ -	\$ (7,427,597)	\$ -	\$ (7,427,597)
Public safety	22,215,449	1,056,138	147,586	-	(21,011,725)	-	(21,011,725)
Highways and streets	4,081,071	-	2,456,373	1,165,603	(459,096)	-	(459,096)
Sanitation	529,387	-	20,634	-	(508,753)	-	(508,753)
Economic development	635,030	-	1,547	-	(633,483)	-	(633,483)
Culture and recreation	4,723,529	1,145,942	31,194	-	(3,546,393)	-	(3,546,393)
Urban redevelopment and housing	5,225,787	-	429,172	6,178,026	1,381,411	-	1,381,411
Interest on long-term debt	2,095,589	-	-	-	(2,095,589)	-	(2,095,589)
Total governmental activities	49,847,514	4,005,734	4,196,928	7,343,629	(34,301,223)	-	(34,301,223)
Business-type activities:							
Wastewater	10,036,103	11,591,001	-	-	-	1,554,898	1,554,898
Total primary government	\$ 59,883,617	\$ 15,596,735	\$ 4,196,928	\$ 7,343,629	(34,301,223)	1,554,898	(32,746,325)
General revenues:							
Property taxes					32,209,566	-	32,209,566
Intergovernmental revenues:							
Financial institutions tax					1,052,855	-	1,052,855
Auto and aircraft excise tax					2,124,586	-	2,124,586
Commercial vehicle excise tax					185,754	-	185,754
County adjusted gross income tax					6,502,507	-	6,502,507
Tax increments for redeveloping districts					1,219,422	-	1,219,422
Economic development income tax					6,200,352	-	6,200,352
Surtax and wheel tax					37,952	-	37,952
Property tax replacement credit					1,198,497	-	1,198,497
ABC excise tax					50,813	-	50,813
ABC gallonage tax					120,149	-	120,149
State cigarette tax					266,493	-	266,493
Gaming tax revenue					375,912	-	375,912
Contributions by City and employees to health self-insurance plan					4,237,052	-	4,237,052
Unrestricted investment earnings					972,160	889,236	1,861,396
Other:							
Restricted investment earnings					767,400	-	767,400
Miscellaneous revenues					198,322	404,868	603,190
Total general revenues, intergovernmental revenues, and other					57,719,791	1,294,104	59,013,895
Change in net assets					23,418,568	2,849,002	26,267,570
Net assets - beginning					5,131,859	70,000,800	75,132,659
Net assets - ending					\$ 28,550,427	\$ 72,849,802	\$ 101,400,229

The notes to the financial statements are an integral part of this statement.

CITY OF TERRE HAUTE
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2007

<u>Assets</u>	<u>General</u>	<u>Motor Vehicle Highway</u>	<u>Local Road and Street</u>	<u>Cemetery</u>	<u>Transit</u>	<u>Park and Recreation</u>	<u>Sanitary District Bond Retirement</u>	<u>Sanitary District Project No. 19</u>
Cash and cash equivalents	\$ 8,069,135	\$ 432,666	\$ 404,783	\$ 258,421	\$ 843,950	\$ 1,353,382	\$ 1,326,592	\$ 1,402,617
Investments	-	-	-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):								
Interest	42,408	-	-	-	-	-	-	-
Taxes	674,374	-	-	15,413	25,067	89,858	224,273	-
Accounts	-	-	-	-	-	-	-	-
Other receivables	233,975	-	-	-	-	-	-	-
Intergovernmental	27,676	120,437	43,721	-	302,835	-	-	-
Loans	-	-	-	-	-	-	-	-
Total assets	\$ 9,047,568	\$ 553,103	\$ 448,503	\$ 273,834	\$ 1,171,851	\$ 1,443,240	\$ 1,550,865	\$ 1,402,617
 <u>Liabilities and Fund Balances</u>								
Liabilities:								
Accounts payable	\$ 153,729	\$ 30,760	\$ 16,809	\$ 4,480	\$ 24,898	\$ 70,730	\$ -	\$ -
Accrued payroll and withholdings payable	834,627	31,825	-	8,147	29,840	21,140	-	-
Contracts payable	-	-	-	-	-	-	-	-
Accrued interest payable	27,751	-	-	-	-	11,912	-	-
Deferred revenue	680,435	-	-	15,413	25,067	89,858	224,273	-
Total liabilities	1,696,542	62,585	16,809	28,040	79,805	193,640	224,273	-
Unreserved, reported in:								
General fund	7,351,027	-	-	-	-	-	-	-
Special revenue funds	-	490,518	431,695	245,794	1,092,046	1,249,600	1,326,592	-
Capital projects funds	-	-	-	-	-	-	-	1,402,617
Total fund balances	7,351,027	490,518	431,695	245,794	1,092,046	1,249,600	1,326,592	1,402,617
Total liabilities and fund balances	\$ 9,047,568	\$ 553,103	\$ 448,503	\$ 273,834	\$ 1,171,851	\$ 1,443,240	\$ 1,550,865	\$ 1,402,617

The notes to the financial statements are an integral part of this statement.

CITY OF TERRE HAUTE
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2007
(Continued)

<u>Assets</u>	Sanitary District Project No. 20	Sanitary District Project No. 21	Cumulative Capital Development	Cumulative Capital Improvement	Economic Development Income Tax	Cherry Street Project	Other Governmental Funds	Totals
Cash and cash equivalents	\$ 1,007,693	\$ 3,414,620	\$ 1,145,964	\$ 262,394	\$ 4,072,858	\$ (293,823)	\$ 8,660,281	\$ 32,361,532
Investments	-	-	-	-	-	-	228,000	228,000
Receivables (net of allowances for uncollectibles):								
Interest	3,967	13,298	-	-	-	-	4,679	64,352
Taxes	-	-	16,809	-	-	-	-	1,045,794
Accounts	-	-	-	-	-	-	953,845	953,845
Other receivables	-	-	-	-	-	-	-	233,975
Intergovernmental	-	-	-	-	-	-	-	494,668
Loans	-	-	-	-	-	-	499,046	499,046
Total assets	\$ 1,011,660	\$ 3,427,919	\$ 1,162,773	\$ 262,394	\$ 4,072,858	\$ (293,823)	\$ 10,345,850	\$ 35,881,212
<u>Liabilities and Fund Balances</u>								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ 6,206	\$ 7,939	\$ 556,555	\$ -	\$ 71,498	\$ 943,604
Accrued payroll and withholdings payable	-	-	-	-	-	-	19,527	945,106
Contracts payable	208,186	898,013	-	-	-	1,572,545	-	2,678,744
Accrued interest payable	-	189,427	-	-	-	85,285	83,988	398,363
Deferred revenue	-	-	16,809	-	-	-	-	1,051,855
Total liabilities	208,186	1,087,440	23,015	7,939	556,555	1,657,830	175,014	6,017,672
Unreserved, reported in:								
General fund	-	-	-	-	-	-	-	7,351,027
Special revenue funds	-	-	-	-	-	-	10,170,837	15,007,081
Capital projects funds	803,474	2,340,479	1,139,758	254,455	3,516,304	(1,951,653)	-	7,505,432
Total fund balances	803,474	2,340,479	1,139,758	254,455	3,516,304	(1,951,653)	10,170,837	29,863,540
Total liabilities and fund balances	\$ 1,011,660	\$ 3,427,919	\$ 1,162,773	\$ 262,394	\$ 4,072,858	\$ (293,823)	\$ 10,345,850	

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	79,446,159
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,091,657
Allowances for doubtful accounts are recognized for governmental activities in the Statement of Net Assets, but are not reported in the funds	(95,384)
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.	1,149,243
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(58,512,935)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(24,391,853)

Net assets of governmental activities \$ 28,550,427

The notes to the financial statements are an integral part of this statement.

CITY OF TERRE HAUTE
STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2007

	General	Motor Vehicle Highway	Local Road and Street	Cemetery	Transit	Park and Recreation	Sanitary District Bond	Sanitary District Project No. 19
Revenues:								
Taxes	\$ 20,149,557	\$ -	\$ -	\$ 460,512	\$ 748,983	\$ 2,684,870	\$ 6,612,726	\$ -
Licenses and permits	216,562	-	-	-	-	-	-	-
Investment Income	-	-	-	-	-	-	-	-
Intergovernmental	6,453,482	2,688,870	490,972	40,012	1,203,376	229,825	605,051	-
Charges for services	926,975	-	-	119,594	267,062	235,051	-	-
Fines and forfeits	405,585	-	-	-	-	-	-	-
Other	1,027,406	24,435	97	6,590	27,622	22,927	-	-
Total revenues	<u>29,179,568</u>	<u>2,713,305</u>	<u>491,069</u>	<u>626,708</u>	<u>2,247,043</u>	<u>3,172,673</u>	<u>7,217,778</u>	<u>-</u>
Expenditures:								
Current:								
General government	8,249,833	-	-	686,942	1,851,182	-	-	-
Public safety	20,746,841	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Highways and streets	-	3,461,088	828,270	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	2,768,283	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	5,852,913	-
Interest	-	-	-	-	-	-	1,845,120	-
Capital outlay:								
Highways and streets	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	765,746
Buildings	-	-	-	-	-	-	-	-
Total expenditures	<u>28,996,674</u>	<u>3,461,088</u>	<u>828,270</u>	<u>686,942</u>	<u>1,851,182</u>	<u>2,768,283</u>	<u>7,698,033</u>	<u>765,746</u>
Excess (deficiency) of revenues over (under) expenditures	<u>182,894</u>	<u>(747,782)</u>	<u>(337,201)</u>	<u>(60,234)</u>	<u>395,860</u>	<u>404,390</u>	<u>(480,255)</u>	<u>(765,746)</u>
Other financing sources (uses):								
Transfers in	2,355,490	-	-	18,312	-	60,562	-	-
Transfers out	-	-	-	-	-	(85,377)	-	-
Bond proceeds	-	-	-	-	-	-	-	-
Note proceeds	-	-	-	-	-	500,000	-	-
Total other financing sources and uses	<u>2,355,490</u>	<u>-</u>	<u>-</u>	<u>18,312</u>	<u>-</u>	<u>475,185</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>2,538,384</u>	<u>(747,782)</u>	<u>(337,201)</u>	<u>(41,922)</u>	<u>395,860</u>	<u>879,575</u>	<u>(480,255)</u>	<u>(765,746)</u>
Fund balances - beginning	<u>4,812,642</u>	<u>1,238,300</u>	<u>768,896</u>	<u>287,716</u>	<u>696,186</u>	<u>370,025</u>	<u>1,806,847</u>	<u>2,168,363</u>
Fund balances - ending	<u>\$ 7,351,027</u>	<u>\$ 490,518</u>	<u>\$ 431,695</u>	<u>\$ 245,794</u>	<u>\$ 1,092,046</u>	<u>\$ 1,249,600</u>	<u>\$ 1,326,592</u>	<u>\$ 1,402,617</u>

The notes to the financial statements are an integral part of this statement.

CITY OF TERRE HAUTE
STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2007
(Continued)

	Sanitary District Project No. 20	Sanitary District Project No. 21	Cumulative Capital Development	Cumulative Capital Improvement	Economic Development Income Tax	Cherry Street Project	Other Governmental Funds	Total Governmental Funds
Revenues:								
Taxes	\$ -	\$ -	\$ 502,214	\$ -	\$ -	\$ -	\$ 1,050,703	\$ 32,209,566
Licenses and permits	-	-	-	-	-	-	775,605	992,167
Investment Income	-	-	-	-	-	-	25,955	25,955
Intergovernmental	-	-	100,597	221,887	4,238,283	5,268,148	7,651,925	29,192,429
Charges for services	-	-	-	-	-	-	2,457,053	4,005,735
Fines and forfeits	-	-	-	-	-	-	43,902	449,487
Other	123,202	459,995	-	-	-	-	361,959	2,054,233
Total revenues	123,202	459,995	602,812	221,887	4,238,283	5,268,148	12,367,101	68,929,571
Expenditures:								
Current:								
General government	-	-	-	-	-	-	129,209	10,917,166
Public safety	-	-	-	-	-	-	889,393	21,636,234
Capital outlay	-	-	-	-	-	-	10,500	10,500
Highways and streets	-	-	138,126	-	-	-	544,179	4,971,663
Sanitation	-	-	-	-	-	-	676,290	676,290
Economic development	-	-	-	-	-	-	608,508	608,508
Culture and recreation	-	-	-	-	-	-	1,585,065	4,353,347
Urban redevelopment and housing	-	-	-	214,115	3,577,530	-	2,000,093	5,791,739
Debt service:								
Principal	-	-	-	-	-	-	40,000	5,892,913
Interest	-	-	-	-	-	85,285	165,184	2,095,589
Capital outlay:								
Highways and streets	-	-	221,178	-	1,732,107	12,160,373	129,200	14,242,858
Sanitation	3,360,108	13,472,987	-	-	-	-	-	17,598,841
Buildings	-	-	-	-	-	-	680,943	680,943
Total expenditures	3,360,108	13,472,987	359,305	214,115	5,309,637	12,245,656	7,458,564	89,476,591
Excess (deficiency) of revenues over (under) expenditures	(3,236,906)	(13,012,992)	243,507	7,772	(1,071,354)	(6,977,510)	4,908,537	(20,547,020)
Other financing sources (uses):								
Transfers in	-	-	-	-	1,962,274	-	846,779	5,243,417
Transfers out	-	-	-	-	(6,008)	-	(5,152,032)	(5,243,417)
Bond proceeds	-	-	-	-	-	-	1,280,000	1,280,000
Note proceeds	-	-	-	-	-	5,011,457	-	5,511,457
Total other financing sources and uses	-	-	-	-	1,956,266	5,011,457	(3,025,253)	6,791,457
Net change in fund balances	(3,236,906)	(13,012,992)	243,507	7,772	884,912	(1,966,053)	1,883,284	(13,755,563)
Fund balances - beginning	4,040,379	15,353,471	896,251	246,683	2,631,391	14,400	8,287,553	43,619,103
Fund balances - ending	\$ 803,474	\$ 2,340,479	\$ 1,139,758	\$ 254,455	\$ 3,516,304	\$ (1,951,653)	\$ 10,170,837	\$ 29,863,540

The notes to the financial statements are an integral part of this statement.

CITY OF TERRE HAUTE
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2007

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds (Statement of Revenues, Expenditures, and Other Changes in Fund Balances)	\$ (13,755,563)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	32,634,612
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	(1,503,647)
The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	4,098,491
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	1,645,018
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.	<u>299,657</u>
Change in net assets of governmental activities (Statement of Activities)	<u><u>\$ 23,418,568</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF TERRE HAUTE
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2007

<u>Assets</u>	Wastewater Utility	Internal Service Fund
Current assets:		
Cash and cash equivalents	\$ 3,060,138	\$ 1,146,820
Interest receivable	-	2,423
Accounts receivable (net of allowance)	1,324,965	-
Prepaid items	22,715	-
Total current assets	<u>4,407,818</u>	<u>1,149,243</u>
Noncurrent assets:		
Restricted cash, cash equivalents and investments:		
Revenue bond covenant accounts	25,273,781	-
Interest receivable	157,373	-
Total restricted assets	<u>25,431,154</u>	<u>-</u>
Deferred debits	<u>874,843</u>	<u>-</u>
Capital assets:		
Land, improvements to land and construction in progress	16,574,719	-
Other capital assets (net of accumulated depreciation)	53,995,741	-
Total capital assets	<u>70,570,460</u>	<u>-</u>
Total noncurrent assets	<u>96,876,456</u>	<u>-</u>
Total assets	<u>101,284,274</u>	<u>1,149,243</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	223,410	-
Contracts payable	243,490	-
Deferred revenue	31,555	-
Current liabilities payable from restricted assets:		
Revenue bonds payable	395,000	-
Total current liabilities	<u>893,455</u>	<u>-</u>
Noncurrent liabilities:		
Revenue bonds payable (net of unamortized discounts or premiums)	27,425,000	-
Compensated Absences	116,017	-
Total noncurrent liabilities	<u>27,541,017</u>	<u>-</u>
Total liabilities	<u>28,434,472</u>	<u>-</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	39,274,455	-
Restricted for debt service	8,611,387	-
Restricted for construction	20,295,714	-
Restricted for employee health benefits	-	1,149,243
Unrestricted	4,668,246	-
Total net assets	<u>\$ 72,849,802</u>	<u>\$ 1,149,243</u>

The notes to the financial statements are an integral part of this statement.

CITY OF TERRE HAUTE
STATEMENT OF REVENUES, EXPENSES, AND OTHER CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For The Year Ended December 31, 2007

	Wastewater Utility	Internal Service Fund
Operating revenues:		
Measured revenue	\$ 11,351,467	\$ -
Other	<u>239,534</u>	<u>4,183,972</u>
Total operating revenues	<u>11,591,001</u>	<u>4,183,972</u>
Operating expenses:		
Administration and general	1,728,474	-
Insurance claims and premiums	-	3,937,394
Other	-	-
Salaries and wages	2,163,225	-
Employee pensions and benefits	-	-
Treatment plant overtime expense	-	-
Materials and supplies	145,997	-
Contractual services	3,200,994	-
Insurance expense	1,634	-
Bad debt expense	30,511	-
Depreciation and amortization	<u>1,543,510</u>	<u>-</u>
Total operating expenses	<u>8,814,345</u>	<u>3,937,394</u>
Operating income (loss)	<u>2,776,656</u>	<u>246,577</u>
Nonoperating revenues (expenses):		
Interest and investment revenue	889,236	53,080
Miscellaneous revenue	404,868	-
Interest expense	(1,181,993)	-
Amortization of bond issuance costs	<u>(39,765)</u>	<u>-</u>
Total nonoperating revenue (expenses)	<u>72,347</u>	<u>53,080</u>
Change in net assets	2,849,002	299,657
Total net assets - beginning	<u>70,000,800</u>	<u>849,586</u>
Total net assets - ending	<u><u>\$ 72,849,802</u></u>	<u><u>\$ 1,149,243</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF TERRE HAUTE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2007

	Wastewater Utility	Internal Service Fund
Cash flows from operating activities:		
Receipts from customers and users	\$ 11,159,392	\$ -
Employer and employee contributions	-	4,183,861
Insurance claims	-	(3,937,394)
Payments to suppliers	(5,528,109)	-
Payments to employees	(2,208,788)	-
Other receipts (payments)	353,347	111
	<u>3,775,842</u>	<u>246,577</u>
Net cash provided by operating activities		
	<u>3,775,842</u>	<u>246,577</u>
Cash flows from noncapital financing activities:		
Other revenues	403,626	-
	<u>403,626</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(9,419,255)	-
Principal paid on capital debt	(775,000)	-
Interest paid on capital debt	(1,181,993)	-
	<u>(11,376,248)</u>	<u>-</u>
Net cash used by capital and related financing activities		
	<u>(11,376,248)</u>	<u>-</u>
Cash flows from investing activities:		
Interest received	931,014	55,770
	<u>931,014</u>	<u>55,770</u>
Net cash provided by investing activities		
	<u>931,014</u>	<u>55,770</u>
Net increase (decrease) in cash and cash equivalents	(6,265,766)	302,347
Cash and cash equivalents, January 1 (Including \$31,360,722 for the Wastewater Utility reported in restricted accounts)	<u>34,599,685</u>	<u>844,473</u>
Cash and cash equivalents, December 31 (Including \$25,273,781 for the Wastewater Utility reported in restricted accounts)	<u>\$ 28,333,919</u>	<u>\$ 1,146,820</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 2,776,656	\$ 246,577
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	1,543,510	-
Bad debt expense	30,511	-
Increase in assets:		
Accounts receivable	(78,262)	-
Increase in liabilities:		
Accounts payable	147,631	-
Contracts payable	(598,641)	-
Accrued payroll withholdings payable	(45,563)	-
	<u>999,186</u>	<u>-</u>
Total adjustments		
	<u>999,186</u>	<u>-</u>
Net cash provided by operating activities	<u>\$ 3,775,842</u>	<u>\$ 246,577</u>

The notes to the financial statements are an integral part of this statement.

CITY OF TERRE HAUTE
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2007

	Pension Trust Funds	Agency Funds
<u>Assets</u>		
Cash and cash equivalents	\$ 2,176,440	\$ 135,442
Receivables:		
Taxes	<u>32,715</u>	<u>-</u>
Total assets	<u>2,209,155</u>	<u>135,442</u>
<u>Liabilities</u>		
Accounts payable	50	-
Deferred revenue	32,715	-
Due to state	-	41,078
Trust payable	<u>-</u>	<u>94,364</u>
Total liabilities	<u>32,766</u>	<u>135,442</u>
<u>Net Assets</u>		
Held in trust for:		
Employees' pension benefits and other purposes	<u>2,176,389</u>	
Total net assets	<u>\$ 2,176,389</u>	

The notes to the financial statements are an integral part of this statement.

CITY OF TERRE HAUTE
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For The Year Ended December 31, 2007

<u>Additions</u>	<u>Pension Trust Funds</u>
Contributions:	
Taxes	\$ 1,086,112
Intergovernmental	92,971
Pension relief	3,207,472
Plan members	<u>87,423</u>
Total additions	<u>4,473,978</u>
<u>Deductions</u>	
Benefits	4,841,575
Administrative expense	<u>34,246</u>
Total deductions	<u>4,875,821</u>
Changes in net assets	(401,843)
Net assets - beginning	<u>2,578,232</u>
Net assets - ending	<u><u>\$ 2,176,389</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The City of Terre Haute (primary government) was established under the laws of the State of Indiana. The primary government operates under a Council-Mayor form of government and provides the following services: public safety (police and fire), highways and streets, health, culture and recreation, public improvements, planning and zoning, general administrative services, public transportation, sewer, and urban redevelopment and housing.

The accompanying financial statements present the activities of the primary government. There are no significant component units which require inclusion.

Related Organizations

The primary government's officials are also responsible for appointing the members of the boards of other organizations, but the primary government's accountability for these organizations does not extend beyond making the appointments. The primary government appoints the board members of the Terre Haute Housing Authority and the Crossroads of America Youth Orchestra.

B. Government-Wide and Fund Financial Statements

Government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which direct expenses of a given function or segments are offset by program revenues. Direct expenses are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the primary government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the primary government receives cash.

The primary government reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The motor vehicle highway fund is used to account for state motor vehicle highway distributions. It is principally used for the construction and maintenance of streets and alleys.

The local road and street fund is used to account for state gasoline tax distributions. It is principally used for the direct expenses incurred in the construction, reconstruction, or maintenance of arterial and local roads and streets.

The cemetery fund is used to account for the operating receipts and disbursements in connection with city owned cemeteries.

The transit fund is used to account for the operating receipts and disbursements in connection with the primary government providing public transportation services.

The park and recreation fund is used to account for the operating receipts and disbursements made in connection with the primary government providing recreation programs and facilities.

The sanitary district bond fund is used to account for those funds used to accumulate resources for, and the payment of, long-term debt principal and interest issued by the primary government's sanitary district.

The sanitary district project 19 fund is used to account for the financial resources to be used for the purpose of paying the costs of improvements and extensions to the sewage system of the primary government's sanitary district.

The sanitary district project 20 fund is used to account for the financial resources to be used for the purpose of paying the costs of improvements and extensions to the sewage system of the primary government's sanitary district.

The sanitary district project 21 fund is used to account for the financial resources to be used for the purpose of paying the costs of improvements and extensions to the sewage system of the primary government's sanitary district.

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

The cumulative capital development fund is used to account for the receipts and disbursements of taxes levied under state statute for capital project uses. It is principally used for the acquisition and construction of major capital facilities.

The cumulative capital improvement fund is used to account for the receipts and disbursements of taxes levied under state statute for capital project uses. It is principally used for the acquisition and construction of major capital facilities.

The economic development income tax fund is used to account for the receipts and disbursements of the City's share of the county economic development income tax revenues. It is principally used for economic development projects, but may also be used for the construction or acquisition of capital projects for which the City is empowered to issue general obligation bonds or establish a fund under any statute listed in Indiana Code 6-1.1-18.5-9.8.

The Cherry Street project fund is used to account for the receipts and disbursements of the completion of the Multi Modal Transit Facility.

The primary government reports the following major proprietary fund:

The wastewater utility fund accounts for the operation of the primary government's wastewater treatment plant, pumping stations and collection systems.

Additionally, the primary government reports the following fund types:

The internal service fund accounts for general liability and employee health insurance coverage provided to other departments on a cost-reimbursement basis.

The pension trust funds account for the activities of the 1925 police and 1937 fire pension funds which accumulate resources for pension benefit payments.

Agency funds account for assets held by the primary government as an agent for the State of Indiana, Vigo County and various individuals.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The primary government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the primary government and the wastewater utility. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Proprietary funds distinguish operating revenues from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the primary government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

The primary government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statute (IC 5-13-9) authorizes the primary government to invest in securities, including but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Nonparticipating certificates of deposit, demand deposits and similar nonparticipating negotiable instruments that are not reported as cash and cash equivalents are reported as investments at cost.

Money market investments that mature within one year or less at the date of their acquisition are reported at amortized cost. Other money market investments are reported at fair value.

Investment income, including changes in the fair value of investments, is reported as revenue in the operating statement.

2. Interfund Transactions and Balances

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "interfund receivables/payables" (i.e., the current and noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "interfund services provided/used." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

3. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the primary government in June and in December. State statute (IC 6-1.1-17-16) requires the Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Department of Local

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Government Finance). Taxes may be paid in two equal installments that become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the primary government prior to December 31 of the year collected. Delinquent property taxes outstanding at year end for governmental and/or proprietary funds, net of allowances for uncollectible accounts, are recorded as a receivable with an offset to deferred revenue since the amounts are not considered available.

4. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

5. Restricted Assets

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets balance sheet because their use is restricted by bond covenants.

6. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements.

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	\$ 5,000	Straight-line	40 to 44 years
Improvements other than buildings	5,000	Straight-line	25 to 67 years
Machinery and equipment	5,000	Straight-line	5 to 44 years

For depreciated assets, the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

7. Compensated Absences

Vacation, sick, and personal leave policies for primary government employees are described as follows:

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Street Department Employees (Union Members)

(a) Sick Leave – Employees earn sick leave at the rate of 8 days per year after completing a 90 day period of employment. Unused sick leave may be accumulated to a maximum of 45 days. Unused sick days over the accumulated 30 days can be paid for by the City the last pay period in December, at the employee's request, not to exceed 8 days in any one year. Accumulated sick leave is paid to employees through cash payments upon termination.

(b) Vacation Leave – Employees earn vacation leave at rates from 5 days to 25 days per year based upon the number of years of service. Vacation leave does not accumulate from year to year.

(c) Personal Leave – Employees earn personal leave at the rate of 6 days per year, not to exceed 2 days per month. All unused personal days will be rolled over to unused sick days.

Cemetery Employees (Union Members)

(a) Sick Leave – Employees earn sick leave at the rate of 6 days per year after completing a 30 day period of employment. Unused sick leave may be accumulated to a maximum of 45 days. Accumulated sick leave is paid to employees through cash payments upon termination.

(b) Vacation Leave – Employees earn vacation leave at rates from 5 days to 25 days per year based upon the number of years of service. Vacation leave does not accumulate from year to year.

(c) Personal Leave – Employees earn personal leave at the rate of 6 days per year, not to exceed 2 days per each four month period. Personal leave does not accumulate from year to year.

Department of Redevelopment Employees

(a) Sick Leave – Employees earn sick leave at the rate of 1 day per month. Unused sick leave may be accumulated to a maximum of 30 days. Accumulated sick leave is not paid to employees.

(b) Vacation Leave – Employees earn vacation leave at rates from 10 days to 15 days per year based upon the number of years of service. Vacation leave may be accumulated to a maximum of 30 days. Accumulated vacation leave is paid to employees through cash payments upon termination.

(c) Personal Leave – Employees earn personal leave at the rate of 2 days per year. Personal leave does not accumulate from year to year.

Firefighters

(a) Sick Leave – Employees earn sick leave at the rate of 1 shift day (8 hours) per month for 8-hour shift employees or 1/2 of a shift day (12 hours) per month for 24-hour shift employees. Unused sick leave may be accumulated to a maximum of 720 hours for 8-hour shift employees or 1080 hours for 24-hour shift employees. Accumulated sick leave is paid to employees through cash payments upon termination at the last earned hourly rate times 2/3 of the accumulated sick leave.

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

(b) Vacation Leave – Employees earn vacation leave at rates from 5 days to 12 days per year based upon the number of years of service. Each vacation day shall represent 1 full duty shift day of 24 hours. Vacation leave does not accumulate from year to year.

(c) Personal Leave – Employees earn personal leave at the rate of 3 shift days per year. Personal leave does not accumulate from year to year.

Police Officers

(a) Sick Leave – Employees earn sick leave at the rate of 1 day per month. Unused sick leave may be accumulated to a maximum of 90 days. Accumulated sick leave is paid to employees through cash payments upon termination at the rate of 1 sick day for every 3 accumulated sick days.

(b) Vacation Leave – Employees earn vacation leave at rates from 5 days to 25 days per year based upon the number of years of service. Vacation leave does not accumulate from year to year.

(c) Personal Leave – Employees earn personal leave at the rate of 3 days per year. In addition, any officer who is on call and has his or her off-duty actions restricted for 15 days or more a year shall receive an additional 4 personal days for a total of 7. Personal leave does not accumulate from year to year.

Transportation System Employees (Union Members)

(a) Sick Leave – Employees earn sick leave at the rate of 1 day per month. Unused sick leave may be accumulated to a maximum of 36 days. Accumulated sick leave is paid to employees through cash payments on December 20th at their option.

(b) Vacation Leave – Employees earn vacation leave at rates from 5 days to 25 days per year based upon the number of years of service. Vacation leave does not accumulate from year to year.

(c) Personal Leave – Employees do not earn personal leave.

Wastewater Utility Employees (Union Members)

(a) Sick Leave – Employees earn sick leave at the rate of 8 days per year. Accumulated sick leave in excess of 30 days is paid to employees through cash payments upon termination.

(b) Vacation Leave – Employees earn vacation leave at rates from 5 days to 27 days per year based upon the number of years of service. Vacation leave does not accumulate from year to year.

(c) Personal Leave – Employees earn personal leave at the rate of 4 days per year. Personal leave does not accumulate from year to year.

All Other Employees

(a) Sick Leave – Employees earn sick leave at the rate of 8 days per year. Unused sick leave may be accumulated to a maximum of 45 days. Accumulated sick leave is not paid to employees.

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

(b) Vacation Leave – Employees earn vacation leave at rates from 5 days to 20 days per year based upon the number of years of service. Vacation leave may be accumulated to a maximum of 30 days. Accumulated vacation leave is paid to employees through cash payments upon termination.

(c) Personal Leave – Employees earn personal leave at the rate of 3 days per year. Personal leave does not accumulate from year to year.

Vacation and sick leave is accrued when incurred.

8. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from actual debt proceeds received, are reported as debt service expenditures.

9. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

II. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Funds
Balance Sheet and the Government-Wide Statement of Net Assets

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:

Prepaid expenses	\$ 130,411
Deferred debits	961,246
	<hr/>
Total	\$ 1,091,657
	<hr/> <hr/>

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Long-term liabilities are not due and payable in the current audit period and, therefore, are not reported in the funds:

General obligation bonds payable	\$ (43,235,000)
Compensated absences	(1,490,339)
Revenue bonds payable	(4,608,485)
City's share of fire protection district bonds payable	(18,240)
Capital lease obligations	(1,024,812)
Notes and loans payable	<u>(8,136,059)</u>
 Total	 <u><u>\$ (58,512,935)</u></u>

III. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis which is not consistent with accounting principles generally accepted in the United States. All annual appropriations lapse at fiscal year end.

On or before August 31, the City Controller submits to the Common Council a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the Common Council to obtain taxpayer comments. In September of each year, the Common Council through the passage of an ordinance approves the budget for the next year. Copies of the budget ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Department of Local Government Finance. The budget becomes legally enacted after the City Controller receives approval of the Department of Local Government Finance.

The primary government's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the Common Council. The Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

Expenditures did not exceed appropriations for any funds or any departments within the General Fund, which required legally, approved budgets.

B. Deficit Fund Equity

At December 31, 2007, the following funds reported deficits in fund equity, which are violations of State statute:

	Deficit
Governmental funds:	
Rea Park Nonreverting Fund	\$ (176,206)
Hulman Links Nonreverting Fund	(632,557)
Cherry Street Project	(1,951,653)

Fund equity deficits arose primarily from expenditures or expenses exceeding revenues due to the underestimate of current requirements; these deficits will be repaid from future revenues.

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

IV. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. Balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Receivables

The following receivable accounts have timing and credit characteristics different from typical accounts receivable:

<u>Type</u>	<u>Funds</u>	<u>Amount</u>
Loans receivable:		
	Community Development	\$ 13,151
	Non-Federal Income	103,876
	HOME Program Grant	<u>382,019</u>
Total		<u>\$ 499,046</u>

C. Capital Assets

Capital asset activity for the year ended December 31, 2007, was as follows:

<u>Primary government</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 5,739,124	\$ 142,822	\$ 17,673	\$ 5,864,273
Construction in progress	<u>21,330,741</u>	<u>32,393,441</u>	<u>-</u>	<u>53,724,182</u>
Total capital assets, not being depreciated	<u>27,069,865</u>	<u>32,536,263</u>	<u>17,673</u>	<u>59,588,455</u>
Capital assets, being depreciated:				
Buildings	9,860,715	24,500	-	9,885,215
Improvements other than buildings	19,640,565	-	-	19,640,565
Machinery and equipment	<u>11,879,403</u>	<u>1,681,824</u>	<u>1,485,973</u>	<u>12,075,254</u>
Totals	<u>41,380,683</u>	<u>1,706,324</u>	<u>1,485,973</u>	<u>41,601,034</u>

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>Primary government</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities (continued):				
Capital assets, being depreciated (continued):				
Less accumulated depreciation for:				
Buildings	6,560,743	191,875	-	6,752,618
Improvements other than buildings	4,683,590	699,840	29,487	5,353,943
Machinery and equipment	9,175,869	716,260	255,360	9,636,769
Totals	20,420,202	1,607,975	284,847	21,743,330
Total capital assets, being depreciated, net	20,960,481	98,349	1,201,126	19,857,704
Total governmental activities capital assets, net	<u>\$ 48,030,346</u>	<u>\$ 32,634,612</u>	<u>\$ 1,218,800</u>	<u>\$ 79,446,159</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 42,825	\$ 14,926	\$ -	\$ 57,751
Construction in progress	7,056,725	9,460,243	-	16,516,968
Total capital assets, not being depreciated	7,099,550	9,475,169	-	16,574,719
Capital assets, being depreciated:				
Buildings	2,645,107	-	-	2,645,107
Improvements other than buildings	78,202,830	-	-	78,202,830
Machinery and equipment	5,376,891	473,976	-	5,850,867
Totals	86,224,828	473,976	-	86,698,804
Less accumulated depreciation for:				
Buildings	2,629,905	15,203	-	2,645,108
Improvements other than buildings	25,997,106	1,186,787	-	27,183,893
Machinery and equipment	2,532,542	341,521	-	2,874,063
Totals	31,159,553	1,543,510	-	32,703,063
Total capital assets, being depreciated, net	55,065,275	(1,069,534)	-	53,995,741
Total business-type activities capital assets, net	<u>\$ 62,164,825</u>	<u>\$ 8,405,634</u>	<u>\$ -</u>	<u>\$ 70,570,459</u>

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Governmental activities:	
General government/public safety	\$ 1,132,826
Public works, including depreciation of general infrastructure assets	221,417
Cemetery	13,062
Culture and recreation	236,429
Community development	<u>4,240</u>
 Total depreciation expense - governmental activities	 <u><u>\$ 1,607,975</u></u>
 Business-type activities:	
Wastewater	<u><u>\$ 1,543,510</u></u>

D. Construction Commitments

Construction work in progress is composed of the following:

Project	Total Project Authorized	Expended to December 31, 2007	Committed	Required Future Funding
Governmental funds:				
Sanitary District Project 19	\$ 6,300,000	\$ 5,712,080	\$ 587,920	\$ -
Sanitary District Project 20	14,320,000	14,102,613	213,388	-
Sanitary District Project 21	20,000,000	18,447,933	1,552,067	-
Jadcore Construction	1,000,000	666,956	333,044	-
CCD Projects	500,000	221,178	278,222	-
EDIT Projects	2,000,000	1,732,107	267,893	-
Fire Training Center	1,000,000	680,943	17,431,761	-
Cherry Street Project	14,000,000	12,160,373	-	-
Business-type activities:				
Youngstown Project	7,500,000	6,767,217	732,783	-
Wastewater Construction Project	4,000,000	3,477,247	522,753	-
CSO Study	<u>30,100,000</u>	<u>6,272,503</u>	<u>1,839,627</u>	<u>-</u>
 Totals	 <u><u>\$ 100,720,000</u></u>	 <u><u>\$ 70,241,150</u></u>	 <u><u>\$ 23,759,458</u></u>	 <u><u>\$ -</u></u>

E. Interfund Balances and Activity

Interfund Transfers

Interfund transfers at December 31, 2007, were as follows:

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Transfer From	Transfer To			Totals
	General Fund	Major Fund	Nonmajor Governmental	
Nonmajor governmental	\$ 2,355,490	\$ 78,874	\$ -	\$ 2,434,364
All others	-	-	2,809,053	2,809,053
Totals	<u>\$ 2,355,490</u>	<u>\$ 78,874</u>	<u>\$ 2,809,053</u>	<u>\$ 5,243,417</u>

The primary government typically uses transfers to fund ongoing operating subsidies.

F. Leases

1. Operating Leases

The primary government has entered into various operating leases having initial or remaining noncancelable terms exceeding one year for a postage machine, copiers, computers, building and a Transit break room. Rental expenditures for these leases were \$3,974, \$42,626, \$20,077, \$72,000, and \$4,800, respectively. The following is a schedule by years of future minimum rental payments as of December 31, 2007:

2008	\$ 138,000
2009	<u>65,000</u>
Total	<u>\$ 203,000</u>

2. Capital Leases

The primary government has entered into various capital leases for equipment, vehicles, and guaranteed energy savings. Future minimum lease payments and present values of the net minimum lease payments under these capital leases as of December 31, 2007, are as follows:

2008	\$ 831,044
2009	67,819
2010	67,819
2011	67,819
2012	<u>67,819</u>
Total minimum lease payments	1,102,320
Less amount representing interest	<u>77,508</u>
Present value of net minimum lease payments	<u>\$ 1,024,812</u>

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Assets acquired through capital leases still in effect are as follows:

	Governmental Activities
Improvements other than buildings	\$ 540,314
Machinery and equipment	1,436,155
Transportation equipment	<u>2,523,729</u>
Total	<u><u>\$ 4,500,198</u></u>

H. Long-Term Liabilities

1. General Obligation Bonds

The primary government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

General obligation bonds are direct obligations and pledge the full faith and credit of the primary government. General obligation bonds currently outstanding at year end are as follows:

Purpose	Interest Rates	Amount
1995 \$5,500,000 Sanitary District Bonds, Improvements	4.4% to 4.5%	\$ 600,000
1996 \$4,140,000 Sanitary District Bonds, Improvements	4.86% to 5.45%	2,140,000
1997 \$7,610,000 Sanitary District Bonds, Improvements	4.5% to 4.6%	4,320,000
1999-2000 \$8,000,000 Sanitary District Bonds, Improvements	5%	1,960,000
2002 \$6,300,000 Sanitary District Bonds, Improvements	3% to 4.1%	6,230,000
2005 \$14,320,000 Sanitary District Bonds, Improvements	2.5% to 3.65%	11,435,000
2006 \$20,000,000 Sanitary District Bonds, Improvements	3.375% to 4%	<u>16,550,000</u>

Total \$ 43,235,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ended December 31	Governmental Activities	
	Principal	Interest
2008	\$ 2,805,000	\$ 1,737,235
2009	6,175,000	1,509,088
2010	6,430,000	1,269,720
2011	6,675,000	1,024,737
2012-2016	<u>21,150,000</u>	<u>1,684,532</u>
Totals	<u><u>\$ 43,235,000</u></u>	<u><u>\$ 7,225,312</u></u>

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Revenue Bonds

The primary government issues bonds to be paid by income derived from the acquired or constructed assets. Revenue bonds outstanding at year end are as follows:

Purpose	Interest Rates	Amount
1998 \$4,000,000 Redevelopment		
District Bond, Center City	8%	\$ 1,383,485
2003 Jadcore Phase I	4%	975,000
2004 Economic Development	4%	970,000
2005 Sanitary District Revenue Bonds	3% to 4.65%	27,820,000
2007 Taxable Economic Development	6.75% to 8%	1,280,000
		<u> </u>
Total		<u>\$ 32,428,485</u>

Revenue bonds debt service requirements to maturity are as follows:

Year Ended December 31	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2008	\$ 131,541	\$ 193,318	\$ 785,000	\$ 1,170,368
2009	141,810	200,530	810,000	1,146,668
2010	202,402	193,347	840,000	1,121,624
2011	273,333	184,750	870,000	1,093,811
2012-2016	2,021,585	174,106	4,865,000	4,981,325
2017-2021	1,757,814	631,303	5,995,000	3,930,713
2022-2026	80,000	139,524	7,545,000	2,478,570
2027-2031	-	-	6,500,000	619,074
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 4,608,485</u>	<u>\$ 1,716,878</u>	<u>\$ 28,210,000</u>	<u>\$ 16,542,153</u>

3. Fire Protection District Bonds

The primary government annexed territory belonging to the Lost Creek Fire Protection District. The District had outstanding, unpaid revenue bonds at the time of annexation for which the primary government, upon completion of the annexation, is required by state statute to pay a percentage of. The percentage of the primary government's share has been calculated as 48%. The primary government's share of revenue bonds outstanding for the Fire Protection District at year end is as follows:

Purpose	Interest Rates	Amount
1996 \$600,000 Lost Creek Fire Protection		
District Bonds, Annexation	6.0% to 6.3%	\$ 18,240
		<u> </u>

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fire Protection bonds debt service requirements to maturity are as follows:

Year Ended December 31	Governmental Activities	
	Principal	Interest
2008	\$ 18,240	\$ 575

4. Notes and Loans Payable

The primary government has entered into various notes/loans. Annual debt service requirements to maturity for the notes/loans, including interest of \$1,727,574, are as follows:

2008	\$ 602,200
2009	1,498,190
2010	1,675,645
2011	1,760,549
2012	<u>4,327,049</u>
Total	<u>\$ 9,863,633</u>

5. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2007, was as follows:

Primary government	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation	\$ 49,080,000	\$ -	\$ 5,845,000	\$ 43,235,000	\$ 2,805,000
Revenue	3,463,937	1,280,000	135,452	4,608,485	131,540
Fire protection district	<u>18,240</u>	<u>-</u>	<u>-</u>	<u>18,240</u>	<u>18,240</u>
Total bonds payable	52,562,177	1,280,000	5,980,452	47,861,725	2,954,780
Capital leases	886,359	693,861	555,408	1,024,812	55,964
Notes payable	7,672,550	500,000	36,491	8,136,059	121,723
Compensated absences	<u>2,856,622</u>	<u>-</u>	<u>1,366,283</u>	<u>1,490,339</u>	<u>-</u>
Total governmental activities long-term liabilities	<u>\$ 63,977,708</u>	<u>\$ 2,473,861</u>	<u>\$ 7,938,634</u>	<u>\$ 58,512,935</u>	<u>\$ 3,132,467</u>
Business-type activities:					
Revenue bonds payable	\$ 28,595,000	\$ -	\$ 775,000	\$ 27,820,000	\$ 395,000
Compensated absences	<u>102,735</u>	<u>13,282</u>	<u>-</u>	<u>116,017</u>	<u>-</u>
Total business-type activities long-term liabilities	<u>\$ 28,697,735</u>	<u>\$ 13,282</u>	<u>\$ 775,000</u>	<u>\$ 27,936,017</u>	<u>\$ 395,000</u>

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

I. Segment Information

The primary government issued revenue bonds to finance wastewater improvements. Investors in the revenue bonds rely solely on the revenue generated by the individual activities for repayment. Summary financial information for the Wastewater Utility is presented below.

Condensed Statement of Net Assets	
Assets:	
Current assets	\$ 4,407,818
Restricted assets	25,431,154
Deferred debits	874,843
Capital assets	<u>70,570,460</u>
Total assets	<u>\$ 101,284,275</u>
Liabilities:	
Current liabilities	\$ 893,455
Noncurrent liabilities	<u>27,541,017</u>
Total liabilities	<u>\$ 28,434,472</u>
Net assets:	
Invested in capital assets, net of related debt	\$ 39,274,455
Restricted	28,907,102
Unrestricted	<u>4,668,246</u>
Total net assets	<u>\$ 72,849,803</u>
Condensed Statement of Revenues, Expenses, and Other Changes in Net Assets	
Charges (pledged against bonds)	\$ 11,591,001
Depreciation expense	1,543,510
Other operating expenses	<u>7,270,835</u>
Operating income	2,776,656
Nonoperating revenues (expenses):	
Interest and investment revenue	889,236
Miscellaneous revenue	404,868
Interest expense	(1,181,993)
Capital contributions	<u>(39,765)</u>
Change in net assets	2,849,002
Beginning net assets	<u>70,000,800</u>
Ending net assets	<u>\$ 72,849,802</u>

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Condensed Statement of Revenues, Expenses, and Other Changes in Net Assets

Net cash provided (used) by:	
Operating activities	\$ 3,775,842
Noncapital financing activities	403,626
Capital and related financing activities	(11,376,248)
Investing activities	<u>931,015</u>
Net decrease	(6,265,765)
Beginning cash and cash equivalents	<u>34,599,684</u>
Ending cash and cash equivalents	<u><u>\$ 28,333,919</u></u>

J. Restricted Assets

The balances of restricted asset accounts in the enterprise funds are as follows:

Revenue bond construction account	\$ 20,138,341
Wastewater improvements account	5,135,440
Restricted interest receivable	<u>157,373</u>
Total restricted assets	<u><u>\$ 25,431,154</u></u>

V. Other Information

A. Risk Management

The primary government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Medical Benefits to Employees, Retirees and Dependents (Excluding Postemployment Benefits)

The primary government has chosen to establish a risk financing fund for risks associated with losses related to the medical benefits to employees, retirees and dependents (excluding postemployment benefits). The risk financing fund is accounted for in the Special Nonreverting Employee Health Benefit Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

\$100,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Amounts are paid into the fund from all departmental budgets in an amount equal to the claim level of prescriptions and employee deductibles. This includes the primary government's share of payroll deductions.

Claim expenditures and liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amounts of pay outs and other economic and social factors.

However, claim liabilities cannot be reasonably estimated.

B. Conduit Debt Obligation

From time to time, the primary government has issued Economic Development Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the primary government, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

The aggregate principal amount payable for the one series issued in 2002 could not be determined; however, the original issue amount totaled \$7,500,000.

C. Postemployment Benefits

In addition to the pension benefits described below, the primary government provides postemployment health and dental benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the primary government on or after attaining age 52 with at least 20 years of service. Currently, 19 retirees meet these eligibility requirements. The primary government provides 100% of these postemployment benefits. Expenditures for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended December 31, 2007, expenditures of \$97,196 were recognized for postemployment benefits.

D. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

a. Public Employees' Retirement Fund

Plan Description

The primary government contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the primary government authority to contribute to the plan.

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The primary government's annual pension cost and related information, as provided by the actuary, is presented in this note.

Information to segregate the assets/liabilities and the actuarial study figures between the primary government and the Utility is not available. Therefore, the liability for Net Pension Obligation (NPO) is considered an obligation of the primary government and is presented in the governmental activities of the financial statements and is not presented as an asset/liability of the proprietary funds.

b. 1925 Police Officers' Pension Plan

Plan Description

The primary government contributes to the 1925 Police Officers' Pension Plan which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute. The primary government's annual pension cost and related information as provided by the actuary, is presented in this note.

The use of the pay-as-you-go actuarial cost method by the primary government results in significant underfunding of the plan. Therefore, the Net Pension Obligation (NPO) is not reflected in the financial statements of the pension trust funds.

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

c. 1937 Firefighters' Pension Plan

Plan Description

The primary government contributes to the 1937 Firefighters' Pension Plan which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute. The primary government's annual pension cost and related information, as provided by the actuary, is presented in this note.

Actuarial Information for the Above Plans

	<u>PERF</u>	<u>1925 Police Officers' Pension</u>	<u>1937 Firefighters' Pension</u>
Annual required contribution	\$ 417,436	\$ 2,471,000	\$ 2,261,400
Interest on net pension obligation	(18,506)	771,400	812,700
Adjustment to annual required contribution	<u>21,089</u>	<u>(840,900)</u>	<u>(886,000)</u>
Annual pension cost	420,019	2,401,500	2,188,100
Contributions made	<u>375,252</u>	<u>1,606,996</u>	<u>2,058,714</u>
Increase (decrease) in net pension obligation	44,767	794,504	129,386
Net pension obligation, beginning of year	<u>(255,253)</u>	<u>11,427,462</u>	<u>12,040,501</u>
Net pension obligation, end of year	<u>\$ (210,486)</u>	<u>\$ 12,221,966</u>	<u>\$ 12,169,887</u>

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Contribution rates:			
City	4.5%	N/A	N/A
Plan members	3%	6%	6%
Actuarial valuation date	07-01-06	01-01-06	01-01-06
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of projected payroll, closed 40 years	Level percentage of projected payroll, closed 40 years	Level percentage of projected payroll, closed 40 years
Amortization period			
Amortization period (from date)	07-01-97	12-31-77	12-31-77
Asset valuation method	4 year smoothed market	4 year smoothed market	4 year smoothed market

N/A = Not available

Actuarial Assumptions	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Investment rate of return	7.25%	7%	7%
Projected future salary increases:			
Total	5%	5%	5%
Attributed to inflation	4%	4%	4%
Attributed to merit/seniority	1%	1%	1%
Cost-of-living adjustments	2%	0%	0%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-04	\$ 292,893	109%	\$ (232,001)
	06-30-05	341,382	107%	(255,253)
	06-30-06	420,019	110%	(210,486)
1925 Police Officers' Pension Plan	12-31-03	3,423,500	55%	10,125,433
	12-31-04	3,524,700	63%	11,427,462
	12-31-05	2,401,500	67%	12,221,966
1937 Firefighters' Pension Plan	12-31-03	3,150,200	55%	10,857,518
	12-31-04	3,140,900	62%	12,040,501
	12-31-05	2,188,100	94%	12,169,887

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Membership in the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension Plan at January 1, 2007, was comprised of the following:

	1925 Police Officers' Pension	1937 Firefighters' Pension
Retires and beneficiaries currently receiving benefits	7	15
Current active employees	119	125

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The primary government contributes to the 1977 Police Officers' and Firefighters' Pension and Disability Fund, a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Employees' Retirement Plan (PERF) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting and requirements for contributions by employers and by employees. Covered employees may retire at age 55 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 55. The plan also provides for death and disability benefits.

PERF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the primary government is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the primary government are established by the Board of Trustees of PERF. The primary government's contributions to the plan for the years ending December 31, 2006, 2005, and 2004, were \$2,730,008, \$2,046,486, and \$1,943,032, respectively, equal to the required contributions for each year.

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

3. Defined Contribution Pension Plan

The Government Agency Retirement Plan

Plan Description

The primary government has a defined contribution pension plan administered by Life Associates, Inc., as authorized by Indiana Code 8-1.5-3-7. The plan provides retirement, disability, and death benefits to plan members and beneficiaries of the City's Department of Redevelopment. The plan was established by written agreement between the governing board of the unit and the Plan Administrator. The Plan Administrator issues a publicly available financial report that includes financial statements and required supplementary information of the plan. That report may be obtained by contacting:

Life Associates, Inc.
P.O. Box 111
Sandwich, IL 60548
Ph. 1-800-672-9192

Funding Policy and Annual Pension Cost

The contribution requirements of plan members are established by the written agreement between the governing board of the unit and the Plan Administrator. Plan members are required to contribute none of their annual covered salary. The primary government is required to contribute at an actuarially determined rate. The current rate is 13.7% of annual covered payroll. Employer and employee contributions to the plan were \$30,215 and \$0, respectively.

CITY OF TERRE HAUTE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-04	\$ 6,566,533	\$ 6,710,055	\$ (143,522)	98%	\$ 7,227,860	(2%)
07-01-05	6,850,419	7,219,089	(368,670)	95%	8,148,756	(5%)
07-01-06	7,511,323	7,601,626	(90,303)	99%	8,282,983	(1%)

1925 Police Officers' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-01	\$ 440,277	\$ 34,872,200	\$ (34,431,923)	1%	\$ 487,700	(7,060%)
01-01-02	1,539,459	34,741,400	(33,201,941)	4%	479,200	(6,929%)
01-01-03	1,603,340	32,305,200	(30,701,860)	5%	529,900	(5,794%)
01-01-04	1,549,919	34,283,700	(32,733,781)	5%	477,900	(6,850%)
01-01-05	1,841,105	33,941,600	(32,100,495)	5%	494,800	(6,488%)
01-01-06	1,286,582	33,112,800	(31,826,218)	4%	395,300	(8,051%)

1937 Firefighters' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-01	\$ 233,260	\$ 33,193,300	\$ (32,960,040)	1%	\$ 552,800	(5,962%)
01-01-02	1,247,066	32,984,200	(31,737,134)	4%	479,200	(6,623%)
01-01-03	1,459,952	29,166,900	(27,706,948)	5%	706,500	(3,922%)
01-01-04	1,347,022	31,372,000	(30,024,978)	4%	437,100	(6,869%)
01-01-05	1,394,611	29,932,900	(28,538,289)	5%	339,500	(8,406%)
01-01-06	1,237,933	30,658,600	(29,420,667)	4%	274,300	(10,726%)

CITY OF TERRE HAUTE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF CONTRIBUTIONS FROM THE
EMPLOYER AND OTHER CONTRIBUTING ENTITIES

1925 Police Officers' Pension Plan

Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed
12-31-00	\$ 3,430,600	54%
12-31-01	3,624,300	78%
12-31-02	3,741,400	59%
12-31-03	3,811,200	50%
12-31-04	4,035,200	55%
12-31-05	2,471,000	65%

1937 Firefighters' Pension Plan

Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed
12-31-00	\$ 3,282,300	51%
12-31-01	3,472,500	62%
12-31-02	3,557,700	59%
12-31-03	3,576,500	49%
12-31-04	3,688,400	53%
12-31-05	2,261,400	91%

CITY OF TERRE HAUTE
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
For The Year Ended December 31, 2007

	General Fund				Motor Vehicle Highway Fund			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final			Original	Final		
Revenues:								
Taxes	\$ 20,150,000	\$ 20,150,000	\$ 20,149,557	\$ (443)	\$ -	\$ -	\$ -	\$ -
Licenses and permits	200,000	200,000	216,562	16,562	-	-	-	-
Intergovernmental	6,300,000	6,300,000	6,461,417	161,417	2,741,594	2,741,594	2,793,479	51,885
Charges for services	950,000	950,000	948,945	(1,055)	-	-	-	-
Fines and forfeits	400,000	400,000	405,585	5,585	-	-	-	-
Other	900,000	900,000	995,718	95,718	-	-	24,435	24,435
Total revenues	<u>28,900,000</u>	<u>28,900,000</u>	<u>29,177,784</u>	<u>277,784</u>	<u>2,741,594</u>	<u>2,741,594</u>	<u>2,817,914</u>	<u>76,320</u>
Expenditures:								
Current:								
General government	14,400,657	9,392,060	8,454,081	937,979	-	-	-	-
Public safety	16,261,201	21,754,372	20,673,587	1,080,785	-	-	-	-
Highways and streets	-	-	-	-	3,404,418	3,833,556	3,451,464	382,092
Culture and recreation	-	-	-	-	-	-	-	-
Total expenditures	<u>30,661,858</u>	<u>31,146,432</u>	<u>29,127,668</u>	<u>2,018,764</u>	<u>3,404,418</u>	<u>3,833,556</u>	<u>3,451,464</u>	<u>382,092</u>
Other financing sources (uses):								
Note proceeds	-	-	-	-	-	-	-	-
Operating transfers in	-	-	2,355,490	2,355,490	-	-	-	-
Operating transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>2,355,490</u>	<u>2,355,490</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(1,761,858)	(2,246,432)	2,405,606	4,652,038	(662,824)	(1,091,962)	(633,550)	458,412
Fund balances - beginning	<u>6,711,934</u>	<u>6,711,934</u>	<u>6,711,934</u>	<u>-</u>	<u>1,062,929</u>	<u>1,062,929</u>	<u>1,062,929</u>	<u>-</u>
Fund balances - December 31	<u>\$ 4,950,076</u>	<u>\$ 4,465,502</u>	<u>\$ 9,117,541</u>	<u>\$ 4,652,038</u>	<u>\$ 400,105</u>	<u>\$ (29,033)</u>	<u>\$ 429,379</u>	<u>\$ 458,412</u>

CITY OF TERRE HAUTE
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
For The Year Ended December 31, 2007
(Continued)

	Local Road and Street Fund				Cemetery Fund			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final			Original	Final		
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 460,512	\$ 460,512	\$ 460,512	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	553,753	553,753	537,850	(15,903)	35,910	35,910	40,012	4,102
Charges for services	-	-	-	-	128,000	128,000	119,594	(8,406)
Fines and forfeits	-	-	-	-	-	-	-	-
Other	-	-	-	-	40	40	24,902	24,862
Total revenues	<u>553,753</u>	<u>553,753</u>	<u>537,850</u>	<u>(15,903)</u>	<u>624,462</u>	<u>624,462</u>	<u>645,020</u>	<u>20,558</u>
Expenditures:								
Current:								
General government	-	-	-	-	845,538	845,538	692,023	153,515
Public safety	-	-	-	-	-	-	-	-
Highways and streets	872,000	872,000	817,273	54,727	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Total expenditures	<u>872,000</u>	<u>872,000</u>	<u>817,273</u>	<u>54,727</u>	<u>845,538</u>	<u>845,538</u>	<u>692,023</u>	<u>153,515</u>
Other financing sources (uses):								
Note proceeds	-	-	-	-	-	-	-	-
Operating transfers in	-	-	-	-	-	-	18,312	18,312
Operating transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,312</u>	<u>18,312</u>
Net change in fund balances	(318,247)	(318,247)	(279,423)	38,824	(221,076)	(221,076)	(28,692)	192,385
Fund balances - beginning	<u>240,945</u>	<u>240,945</u>	<u>240,945</u>	-	<u>303,760</u>	<u>303,760</u>	<u>303,760</u>	-
Fund balances - December 31	<u>\$ (77,302)</u>	<u>\$ (77,302)</u>	<u>\$ (38,478)</u>	<u>\$ 38,824</u>	<u>\$ 82,684</u>	<u>\$ 82,684</u>	<u>\$ 275,069</u>	<u>\$ 192,385</u>

CITY OF TERRE HAUTE
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
For The Year Ended December 31, 2007
(Continued)

	Transit Fund				Park and Recreation Fund			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final			Original	Final		
Revenues:								
Taxes	\$ 748,983	\$ 748,983	\$ 748,983	\$ -	\$ 2,684,870	\$ 2,684,870	\$ 2,684,870	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	892,522	892,522	1,159,709	267,187	238,000	238,000	229,825	(8,175)
Charges for services	135,000	135,000	267,062	132,062	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other	-	-	27,622	27,622	-	-	22,927	22,927
Total revenues	<u>1,776,505</u>	<u>1,776,505</u>	<u>2,203,376</u>	<u>426,871</u>	<u>2,922,870</u>	<u>2,922,870</u>	<u>2,937,622</u>	<u>14,752</u>
Expenditures:								
Current:								
General government	1,995,173	1,995,173	1,838,787	156,386	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	2,734,386	(2,734,386)
Total expenditures	<u>1,995,173</u>	<u>1,995,173</u>	<u>1,838,787</u>	<u>156,386</u>	<u>-</u>	<u>-</u>	<u>2,734,386</u>	<u>(2,734,386)</u>
Other financing sources (uses):								
Note proceeds	-	-	-	-	-	-	500,000	500,000
Operating transfers in	-	-	-	-	-	-	60,562	60,562
Operating transfers out	-	-	-	-	-	-	(85,377)	(85,377)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>475,185</u>	<u>475,185</u>
Net change in fund balances	(218,668)	(218,668)	364,589	583,257	2,922,870	2,922,870	678,420	(2,244,450)
Fund balances - beginning	<u>569,003</u>	<u>569,003</u>	<u>569,003</u>	<u>-</u>	<u>415,380</u>	<u>415,380</u>	<u>415,380</u>	<u>-</u>
Fund balances - December 31	<u>\$ 350,335</u>	<u>\$ 350,335</u>	<u>\$ 933,591</u>	<u>\$ 583,257</u>	<u>\$ 3,338,250</u>	<u>\$ 3,338,250</u>	<u>\$ 1,093,800</u>	<u>\$ (2,244,450)</u>

CITY OF TERRE HAUTE
REQUIRED SUPPLEMENTARY INFORMATION
BUDGET/GAAP RECONCILIATION
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
For The Year Ended December 31, 2007

The major differences between Budgetary (Non-GAAP) basis and GAAP basis are:

- a. Revenues are recorded when received in cash (budgetary) as opposed to susceptible to accrual (GAAP).
- b. Expenditures are recorded when paid in cash (budgetary) as opposed to when the liability is incurred (GAAP).

Adjustments necessary to convert the results of operations at the end of the year on a budgetary basis to a GAAP basis are as follows:

	<u>General</u>	<u>Motor Vehicle Highway</u>	<u>Local Road and Street</u>	<u>Cemetery</u>	<u>Transit</u>	<u>Park and Recreation</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses (budgetary basis)	\$ 2,405,606	\$ (633,550)	\$ (279,423)	\$ (28,692)	\$ 364,589	\$ 678,420
Adjustments:						
To adjust revenues for accruals	1,784	(104,609)	(46,781)	(18,312)	136,605	235,051
To adjust expenditures for accruals	<u>130,994</u>	<u>(9,624)</u>	<u>(10,998)</u>	<u>5,081</u>	<u>(105,334)</u>	<u>(33,896)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses (GAAP basis)	<u>\$ 2,538,384</u>	<u>\$ (747,783)</u>	<u>\$ (337,202)</u>	<u>\$ (41,923)</u>	<u>\$ 395,860</u>	<u>\$ 879,575</u>

CITY OF TERRE HAUTE
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
GOVERNMENTAL FUNDS
December 31 2007

<u>Assets</u>	<u>Rainy Day</u>	<u>Recreation Nonreverting</u>	<u>Parking Garage</u>	<u>Abandoned Vehicle Nonreverting</u>	<u>Police Continuing Education</u>	<u>Clerks Record Perpetuation</u>	<u>Emergency Medical Service Nonreverting</u>
Cash and cash equivalents	\$ -	\$ -	\$ 109,555	\$ 23,521	\$ 77,174	\$ 19,537	\$ 435,250
Investments	-	-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):							
Interest	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	953,845
Loans	-	-	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 109,555</u>	<u>\$ 23,521</u>	<u>\$ 77,174</u>	<u>\$ 19,537</u>	<u>\$ 1,389,095</u>
<u>Liabilities and Fund Balances</u>							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ 1,394	\$ -	\$ -	\$ -	\$ 2,363
Accrued payroll and withholdings payable	-	-	1,056	-	-	-	620
Accrued interest payable	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>2,449</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,983</u>
Fund balances:							
Unreserved, reported in:							
Special revenue funds	<u>-</u>	<u>-</u>	<u>107,106</u>	<u>23,521</u>	<u>77,174</u>	<u>19,537</u>	<u>1,386,112</u>
Total fund balances	<u>-</u>	<u>-</u>	<u>107,106</u>	<u>23,521</u>	<u>77,174</u>	<u>19,537</u>	<u>1,386,112</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 109,555</u>	<u>\$ 23,521</u>	<u>\$ 77,174</u>	<u>\$ 19,537</u>	<u>\$ 1,389,095</u>

CITY OF TERRE HAUTE
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
GOVERNMENTAL FUNDS
December 31 2007
(Continued)

<u>Assets</u>	Fire Dept. Contractual EMS	Arson Investigation	Police Dept. Nonreverting	Grant Overtime Staying Right	Operation Pull-over Award	ELE Map Generation	Skate Park Nonreverting
Cash and cash equivalents	\$ 165,768	\$ 581	\$ 19,224	\$ 2,099	\$ 4,409	\$ 443	\$ -
Investments		-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):							
Interest	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-
Total assets	<u>\$ 165,768</u>	<u>\$ 581</u>	<u>\$ 19,224</u>	<u>\$ 2,099</u>	<u>\$ 4,409</u>	<u>\$ 443</u>	<u>\$ -</u>
<u>Liabilities and Fund Balances</u>							
Liabilities:							
Accounts payable	\$ 3,819	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and withholdings payable	-	-	-	-	-	-	-
Accrued interest payable	-	-	-	-	-	-	-
Total liabilities	<u>3,819</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:							
Unreserved, reported in:							
Special revenue funds	<u>161,948</u>	<u>581</u>	<u>19,224</u>	<u>2,099</u>	<u>4,409</u>	<u>443</u>	<u>-</u>
Total fund balances	<u>161,948</u>	<u>581</u>	<u>19,224</u>	<u>2,099</u>	<u>4,409</u>	<u>443</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 165,768</u>	<u>\$ 581</u>	<u>\$ 19,224</u>	<u>\$ 2,099</u>	<u>\$ 4,409</u>	<u>\$ 443</u>	<u>\$ -</u>

CITY OF TERRE HAUTE
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
GOVERNMENTAL FUNDS
December 31 2007
(Continued)

	Hulman Links Nonreverting	Rea Park Nonreverting	Animal Care Nonreverting	Engineering Nonreverting	Non-Federal Income	Home Program	Sanitary District General
<u>Assets</u>							
Cash and cash equivalents	\$ (624,952)	\$ (169,393)	\$ 13,825	\$ 440,040	\$ 928,483	\$ 53,956	\$ 1,711,603
Investments	-	-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):							
Interest	-	-	-	-	308	-	-
Accounts	-	-	-	-	-	-	-
Loans	-	-	-	-	103,876	382,019	-
Total assets	<u>\$ (624,952)</u>	<u>\$ (169,393)</u>	<u>\$ 13,825</u>	<u>\$ 440,040</u>	<u>\$ 1,032,667</u>	<u>\$ 435,975</u>	<u>\$ 1,711,603</u>
<u>Liabilities and Fund Balances</u>							
Liabilities:							
Accounts payable	\$ 3,668	\$ 2,565	\$ -	\$ 12		\$ -	\$ 25,877
Accrued payroll and withholdings payable	3,937	4,247	-	9,556	-	9	53
Accrued interest payable	-	-	-	-	-	-	-
Total liabilities	<u>7,605</u>	<u>6,813</u>	<u>-</u>	<u>9,568</u>	<u>-</u>	<u>9</u>	<u>25,931</u>
Fund balances:							
Unreserved, reported in:							
Special revenue funds	<u>(632,557)</u>	<u>(176,206)</u>	<u>13,825</u>	<u>430,472</u>	<u>1,032,667</u>	<u>435,965</u>	<u>1,685,672</u>
Total fund balances	<u>(632,557)</u>	<u>(176,206)</u>	<u>13,825</u>	<u>430,472</u>	<u>1,032,667</u>	<u>435,965</u>	<u>1,685,672</u>
Total liabilities and fund balances	<u>\$ (624,952)</u>	<u>\$ (169,393)</u>	<u>\$ 13,825</u>	<u>\$ 440,040</u>	<u>\$ 1,032,667</u>	<u>\$ 435,975</u>	<u>\$ 1,711,603</u>

CITY OF TERRE HAUTE
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
GOVERNMENTAL FUNDS
December 31 2007
(Continued)

	Police Federal Equitable Sharing	2007 Justice Assistance Grant	Community Development	Redevelopment Ft. Harrison TIF #8	Redevelopment Ft. Harrison Bond & Interest	Tax Allocation
<u>Assets</u>						
Cash and cash equivalents	\$ 18,956	\$ 22,200	\$ 12,078	\$ 1,130,135	\$ 26,691	\$ 2,157,146
Investments	-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):						
Interest	8	-	-	777	-	1,069
Accounts	-	-	-	-	-	-
Loans	-	-	13,151	-	-	-
	<u>-</u>	<u>-</u>	<u>13,151</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 18,964</u>	<u>\$ 22,200</u>	<u>\$ 25,229</u>	<u>\$ 1,130,912</u>	<u>\$ 26,691</u>	<u>\$ 2,158,215</u>
<u>Liabilities and Fund Balances</u>						
Liabilities:						
Accounts payable	\$ -	\$ 22,200	\$ -	\$ -	\$ -	\$ -
Accrued payroll and withholdings payable	-	-	49	-	-	-
Accrued interest payable	-	-	-	17,121	-	34,474
	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,121</u>	<u>-</u>	<u>34,474</u>
Total liabilities	<u>-</u>	<u>22,200</u>	<u>49</u>	<u>17,121</u>	<u>-</u>	<u>34,474</u>
Fund balances:						
Unreserved, reported in:						
Special revenue funds	<u>18,964</u>	<u>-</u>	<u>25,180</u>	<u>1,113,792</u>	<u>26,691</u>	<u>2,123,741</u>
Total fund balances	<u>18,964</u>	<u>-</u>	<u>25,180</u>	<u>1,113,792</u>	<u>26,691</u>	<u>2,123,741</u>
Total liabilities and fund balances	<u>\$ 18,964</u>	<u>\$ 22,200</u>	<u>\$ 25,229</u>	<u>\$ 1,130,912</u>	<u>\$ 26,691</u>	<u>\$ 2,158,215</u>

CITY OF TERRE HAUTE
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
GOVERNMENTAL FUNDS
December 31 2007
(Continued)

	North Central Terre Haute Tax Allocation	Fire Dept. Nonreverting Equipment	Fire Dept. Nonreverting Real Property	Hazardous Material Recovery	Fire Training Academy Nonreverting	Marble Hill Settlement
<u>Assets</u>						
Cash and cash equivalents	\$ 284,843	\$ 4,704	\$ 667	\$ 24,607	\$ 3,505	\$ -
Investments	-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):						
Interest	103	-	-	-	-	-
Accounts	-	-	-	-	-	-
Loans	-	-	-	-	-	-
Total assets	<u>\$ 284,946</u>	<u>\$ 4,704</u>	<u>\$ 667</u>	<u>\$ 24,607</u>	<u>\$ 3,505</u>	<u>\$ -</u>
<u>Liabilities and Fund Balances</u>						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and withholdings payable	-	-	-	-	-	-
Accrued interest payable	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-
Fund balances:						
Unreserved, reported in:						
Special revenue funds	<u>284,946</u>	<u>4,704</u>	<u>667</u>	<u>24,607</u>	<u>3,505</u>	<u>-</u>
Total fund balances	<u>284,946</u>	<u>4,704</u>	<u>667</u>	<u>24,607</u>	<u>3,505</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 284,946</u>	<u>\$ 4,704</u>	<u>\$ 667</u>	<u>\$ 24,607</u>	<u>\$ 3,505</u>	<u>\$ -</u>

CITY OF TERRE HAUTE
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
GOVERNMENTAL FUNDS
December 31 2007
(Continued)

	Drug Forfeiture Fund General Donations	Park Donations	Spirit of Terre Haute	Spencer Ball Park	Levi Music	Brittlebank Trust
<u>Assets</u>						
Cash and cash equivalents	\$ 12,324	\$ -	\$ -	\$ 5,983	\$ 6,806	\$ 513
Investments	-	-	-	27,000	-	-
Receivables (net of allowances for uncollectibles):						
Interest	-	-	-	391	-	-
Accounts	-	-	-	-	-	-
Loans	-	-	-	-	-	-
Total assets	<u>\$ 12,324</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,375</u>	<u>\$ 6,806</u>	<u>\$ 513</u>
<u>Liabilities and Fund Balances</u>						
Liabilities:						
Accounts payable	\$ 9,600	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and withholdings payable	-	-	-	-	-	-
Accrued interest payable	-	-	-	-	-	-
Total liabilities	<u>9,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:						
Unreserved, reported in:						
Special revenue funds	<u>2,724</u>	<u>-</u>	<u>-</u>	<u>33,375</u>	<u>6,806</u>	<u>513</u>
Total fund balances	<u>2,724</u>	<u>-</u>	<u>-</u>	<u>33,375</u>	<u>6,806</u>	<u>513</u>
Total liabilities and fund balances	<u>\$ 12,324</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,375</u>	<u>\$ 6,806</u>	<u>\$ 513</u>

CITY OF TERRE HAUTE
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
GOVERNMENTAL FUNDS
December 31 2007
(Continued)

	Municipal Softball	Cemetery Trust	Telecommunications Nonreverting	Lead Poisoning Awareness	Economic Development Commission	Crime Control
<u>Assets</u>						
Cash and cash equivalents	\$ -	\$ 391,296	\$ 25,700	\$ -	\$ 5,806	\$ 3,939
Investments	-	1,000	-	-	-	-
Receivables (net of allowances for uncollectibles):						
Interest	-	1,350	-	-	-	-
Accounts	-	-	-	-	-	-
Loans	-	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 393,646</u>	<u>\$ 25,700</u>	<u>\$ -</u>	<u>\$ 5,806</u>	<u>\$ 3,939</u>
<u>Liabilities and Fund Balances</u>						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and withholdings payable	-	-	-	-	-	-
Accrued interest payable	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-
Fund balances:						
Unreserved, reported in:						
Special revenue funds	-	393,646	25,700	-	5,806	3,939
Total fund balances	-	393,646	25,700	-	5,806	3,939
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 393,646</u>	<u>\$ 25,700</u>	<u>\$ -</u>	<u>\$ 5,806</u>	<u>\$ 3,939</u>

CITY OF TERRE HAUTE
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
GOVERNMENTAL FUNDS
December 31 2007
(Continued)

	Police Ceremonial Unit	Jad Core Bond & Interest	St Rd 46 TIF	Candlewood Suites Construction	Candlewood Suites Bond & Interest	Totals
<u>Assets</u>						
Cash and cash equivalents	\$ 4,521	\$ 138,724	\$ 17,212	\$ 1,045,149	\$ 105,651	\$ 8,660,281
Investments	200,000	-	-	-	-	228,000
Receivables (net of allowances for uncollectibles):						
Interest	271	397	4	-	-	4,679
Accounts	-	-	-	-	-	953,845
Loans	-	-	-	-	-	499,046
Total assets	<u>\$ 204,792</u>	<u>\$ 139,121</u>	<u>\$ 17,217</u>	<u>\$ 1,045,149</u>	<u>\$ 105,651</u>	<u>\$ 10,345,850</u>
<u>Liabilities and Fund Balances</u>						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 71,498
Accrued payroll and withholdings payable	-	-	-	-	-	19,527
Accrued interest payable	-	32,393	-	-	-	83,988
Total liabilities	-	32,393	-	-	-	175,014
Fund balances:						
Unreserved, reported in:						
Special revenue funds	204,792	106,727	17,217	1,045,149	105,651	10,170,837
Total fund balances	204,792	106,727	17,217	1,045,149	105,651	10,170,837
Total liabilities and fund balances	<u>\$ 204,792</u>	<u>\$ 139,121</u>	<u>\$ 17,217</u>	<u>\$ 1,045,149</u>	<u>\$ 105,651</u>	<u>\$ 10,345,850</u>

CITY OF TERRE HAUTE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
GOVERNMENTAL FUNDS
For the Year Ended December 31 2007

	Rainy Day	Recreation Nonreverting	Parking Garage	Abandoned Vehicle Nonreverting	Police Continuing Education	Clerks Record Perpetuation	Emergency Medical Service Nonreverting
Revenues:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	12,800	-	-
Intergovernmental	4,022,616	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-
Charges for services	-	498	106,716	2,180	20,670	-	1,052,271
Fines and forfeits	-	-	-	-	26,962	16,940	-
Other	-	-	1,012	-	3,098	-	510
Total revenues	<u>4,022,616</u>	<u>498</u>	<u>107,728</u>	<u>2,180</u>	<u>63,530</u>	<u>16,940</u>	<u>1,052,781</u>
Expenditures:							
Current:							
General government	-	-	118,798	-	-	-	-
Administrative and general	-	-	-	-	-	-	-
Public safety	-	-	-	-	46,575	-	622,167
Capital outlay	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	(233)	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
Highways and streets	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>(233)</u>	<u>118,798</u>	<u>-</u>	<u>46,575</u>	<u>-</u>	<u>622,167</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,022,616</u>	<u>731</u>	<u>(11,070)</u>	<u>2,180</u>	<u>16,955</u>	<u>16,940</u>	<u>430,614</u>
Other financing sources (uses):							
Transfers in	-	66,433	-	-	-	-	-
Total other financing sources and uses	<u>(4,022,616)</u>	<u>66,433</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(33,145)</u>	<u>(253,187)</u>
Net change in fund balances	-	67,164	(11,070)	2,180	16,955	(16,205)	177,427
Fund balances - beginning	-	(67,164)	118,176	21,341	60,220	35,742	1,208,685
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107,106</u>	<u>\$ 23,521</u>	<u>\$ 77,174</u>	<u>\$ 19,537</u>	<u>\$ 1,386,112</u>

CITY OF TERRE HAUTE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
GOVERNMENTAL FUNDS
For the Year Ended December 31 2007
(Continued)

	Fire Dept. Contractual EMS	Arson Investigation	Police Dept. Nonreverting	Grant Overtime Staying Right	Operation Pull-over Award	ELE Map Generation	Skate Park Nonreverting
Revenues:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	10,000	37,000	-	-
Investment income	-	-	-	-	-	-	-
Charges for services	148,396	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	-	3,046	14,100	-	22	-
Total revenues	<u>148,396</u>	<u>-</u>	<u>3,046</u>	<u>24,100</u>	<u>37,000</u>	<u>22</u>	<u>-</u>
Expenditures:							
Current:							
General government	-	-	-	-	-	-	-
Administrative and general	-	-	-	-	-	-	-
Public safety	70,441	-	-	25,700	32,591	-	-
Capital outlay	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
Highways and streets	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-
Total expenditures	<u>70,441</u>	<u>-</u>	<u>-</u>	<u>25,700</u>	<u>32,591</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>77,955</u>	<u>-</u>	<u>3,046</u>	<u>(1,600)</u>	<u>4,409</u>	<u>22</u>	<u>-</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	18,945
Total other financing sources and uses	<u>(63,983)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,945</u>
Net change in fund balances	13,972	-	3,046	(1,600)	4,409	22	18,945
Fund balances - beginning	<u>147,977</u>	<u>581</u>	<u>16,178</u>	<u>3,699</u>	<u>-</u>	<u>421</u>	<u>(18,945)</u>
Fund balances - ending	<u>\$ 161,948</u>	<u>\$ 581</u>	<u>\$ 19,224</u>	<u>\$ 2,099</u>	<u>\$ 4,409</u>	<u>\$ 443</u>	<u>\$ -</u>

CITY OF TERRE HAUTE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
GOVERNMENTAL FUNDS
For the Year Ended December 31 2007
(Continued)

	Hulman Links Nonreverting	Rea Park Nonreverting	Animal Care Nonreverting	Engineering Nonreverting	Non-Federal Income	Home Program	Sanitary District General
Revenues:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	2,035	760,770	-	-	-
Intergovernmental	-	-	-	-	331,367	98,155	1,591,454
Investment income	-	-	-	-	-	-	-
Charges for services	590,405	520,486	-	15,431	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	23,353	15,833	-	-	63,146	(10,830)	-
Total revenues	<u>613,758</u>	<u>536,320</u>	<u>2,035</u>	<u>776,200</u>	<u>394,513</u>	<u>87,325</u>	<u>1,591,454</u>
Expenditures:							
Current:							
General government	-	-	-	-	-	-	-
Administrative and general	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Highways and streets	-	-	-	543,996	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	913,324	671,974	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	176,585	60,615	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	(17,827)	-	-
Capital outlay:							
Highways and streets	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-
Total expenditures	<u>913,324</u>	<u>671,974</u>	<u>-</u>	<u>543,996</u>	<u>158,758</u>	<u>60,615</u>	<u>676,290</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(299,566)</u>	<u>(135,654)</u>	<u>2,035</u>	<u>232,204</u>	<u>235,754</u>	<u>26,710</u>	<u>915,164</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(685,394)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(299,566)	(135,654)	2,035	232,204	(449,639)	26,710	915,164
Fund balances - beginning	<u>(332,991)</u>	<u>(40,552)</u>	<u>11,790</u>	<u>198,268</u>	<u>1,482,307</u>	<u>409,255</u>	<u>770,508</u>
Fund balances - ending	<u>\$ (632,557)</u>	<u>\$ (176,206)</u>	<u>\$ 13,825</u>	<u>\$ 430,472</u>	<u>\$ 1,032,667</u>	<u>\$ 435,965</u>	<u>\$ 1,685,672</u>

CITY OF TERRE HAUTE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
GOVERNMENTAL FUNDS
For the Year Ended December 31 2007
(Continued)

	Police Federal Equitable Sharing	2007 Justice Assistance Grant Fund	Community Development	Redevelopment Ft Harrison TIF #8	Redevelopment Ft. Harrison Bond & Interest	Tax Allocation
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ 32,230	\$ 26,691	\$ 766,974
Licenses and permits	-	-	-	-	-	-
Intergovernmental	11,103	33,586	1,516,643	-	-	-
Investment Income	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	94	-	17,152	7,789	76,492	79,831
Total revenues	11,197	33,586	1,533,795	40,019	103,183	846,805
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Administrative and general	-	-	-	-	-	-
Public safety	16,399	33,586	-	-	-	-
Capital outlay	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	608,508
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	1,542,446	102,858	-	-
Debt service:						
Principal	-	-	-	-	40,000	-
Interest	-	-	-	17,121	42,500	9,497
Capital outlay:						
Highways and streets	-	-	-	-	-	-
Buildings	-	-	-	-	-	-
Total expenditures	16,399	33,586	1,542,446	119,979	82,500	618,005
Excess (deficiency) of revenues over (under) expenditures	(5,202)	-	(8,652)	(79,959)	20,683	228,800
Other financing sources (uses):						
Transfers in	-	-	-	685,394	6,008	-
Total other financing sources and uses	-	-	-	685,394	6,008	-
Net change in fund balances	(5,202)	-	(8,652)	605,434	26,691	228,800
Fund balances - beginning	24,166	-	33,832	508,357	-	1,894,942
Fund balances - ending	\$ 18,964	\$ -	\$ 25,180	\$ 1,113,792	\$ 26,691	\$ 2,123,741

CITY OF TERRE HAUTE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
GOVERNMENTAL FUNDS
For the Year Ended December 31 2007
(Continued)

	North Central Terre Haute Tax Allocation	Fire Dept Nonreverting Equipment	Fire Dept Nonreverting Real Property	Hazardous Material Recovery	Fire Training Academy Nonreverting	Marble Hill Settlement
Revenues:						
Taxes	\$ 157,499	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Investment Income	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	6,797	3,312	-	16,153	-	-
	<u>164,296</u>	<u>3,312</u>	<u>-</u>	<u>16,153</u>	<u>-</u>	<u>-</u>
Total revenues						
	<u>164,296</u>	<u>3,312</u>	<u>-</u>	<u>16,153</u>	<u>-</u>	<u>-</u>
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Administrative and general	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	48,351	-	-	-	-	69,238
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
Highways and streets	-	-	-	-	-	-
Buildings	-	-	-	-	680,943	-
	<u>48,351</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>680,943</u>	<u>69,238</u>
Total expenditures						
	<u>48,351</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>680,943</u>	<u>69,238</u>
Excess (deficiency) of revenues over (under) expenditures	<u>115,945</u>	<u>3,312</u>	<u>-</u>	<u>16,153</u>	<u>(680,943)</u>	<u>(69,238)</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	70,000	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,000</u>	<u>-</u>
Total other financing sources and uses						
	<u>-</u>	<u>(10,300)</u>	<u>-</u>	<u>(4,533)</u>	<u>70,000</u>	<u>-</u>
Net change in fund balances	115,945	(6,988)	-	11,620	(610,943)	(69,238)
Fund balances - beginning	169,001	11,692	667	12,987	614,448	69,238
	<u>169,001</u>	<u>11,692</u>	<u>667</u>	<u>12,987</u>	<u>614,448</u>	<u>69,238</u>
Fund balances - ending	<u>\$ 284,946</u>	<u>\$ 4,704</u>	<u>\$ 667</u>	<u>\$ 24,607</u>	<u>\$ 3,505</u>	<u>\$ -</u>

CITY OF TERRE HAUTE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
GOVERNMENTAL FUNDS
For the Year Ended December 31 2007
(Continued)

	Drug Forfeiture Fund General Donations	Park Donations	Spirit of Terre Haute	Spencer Ball Park	Levi Music	Brittlebank Trust
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Investment Income	-	-	-	1,048	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	-	-	-	2,488	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,488</u>	<u>-</u>
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,048</u>	<u>2,488</u>	<u>-</u>
Expenditures:						
Current:						
General government	10,411	-	-	-	-	-
Administrative and general	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Capital outlay	10,500	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
Highways and streets	-	-	-	-	-	-
Buildings	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>20,911</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(20,911)</u>	<u>-</u>	<u>-</u>	<u>1,048</u>	<u>2,488</u>	<u>-</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>-</u>	<u>(12,029)</u>	<u>(33,487)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(20,911)	(12,029)	(33,487)	1,048	2,488	-
Fund balances - beginning	<u>23,636</u>	<u>12,029</u>	<u>33,487</u>	<u>32,326</u>	<u>4,318</u>	<u>513</u>
Fund balances - ending	<u>\$ 2,724</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,375</u>	<u>\$ 6,806</u>	<u>\$ 513</u>

CITY OF TERRE HAUTE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
GOVERNMENTAL FUNDS
For the Year Ended December 31 2007
(Continued)

	Municipal Softball	Cemetery Trust	Telecommunications Nonreverting	Lead Poisoning Awareness	Economic Development Commission	Crime Control
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Investment Income	-	18,268	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	-	-	-	3	31,051
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>31,051</u>
Total revenues	<u>-</u>	<u>18,268</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>31,051</u>
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Administrative and general	-	-	-	-	-	-
Public safety	-	-	-	640	-	33,263
Capital outlay	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
Highways and streets	-	-	-	-	-	-
Buildings	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>640</u>	<u>-</u>	<u>33,263</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>640</u>	<u>-</u>	<u>33,263</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>18,268</u>	<u>-</u>	<u>(640)</u>	<u>3</u>	<u>(2,211)</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>(15,046)</u>	<u>(18,312)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(15,046)</u>	<u>(43)</u>	<u>-</u>	<u>(640)</u>	<u>3</u>	<u>(2,211)</u>
Fund balances - beginning	<u>15,046</u>	<u>393,690</u>	<u>25,700</u>	<u>640</u>	<u>5,803</u>	<u>6,150</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 393,646</u>	<u>\$ 25,700</u>	<u>\$ -</u>	<u>\$ 5,806</u>	<u>\$ 3,939</u>

CITY OF TERRE HAUTE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
GOVERNMENTAL FUNDS
For the Year Ended December 31 2007
(Continued)

	Police Ceremonial Unit	Jad Core Bond & Interest	ST Rd 46 TIF	Candlewood Suites Construction	Candlewood Suites Bond & Interest	Totals
Revenues:						
Taxes	\$ -	\$ 49,914	\$ 17,395	\$ -	\$ -	\$ 1,050,703
Licenses and permits	-	-	-	-	-	775,605
Intergovernmental	-	-	-	-	-	7,651,925
Investment Income	-	6,634	4	-	-	25,955
Charges for services	-	-	-	-	-	2,457,053
Fines and forfeits	-	-	-	-	-	43,902
Other	7,509	-	-	-	-	361,959
Total revenues	7,509	56,549	17,399	-	-	12,367,101
Expenditures:						
Current:						
General government	-	-	-	-	-	129,209
Administrative and general	-	-	-	-	-	-
Public safety	8,032	-	-	-	-	889,393
Capital outlay	-	-	-	-	-	10,500
Highways and streets	-	-	183	-	-	544,179
Economic development	-	-	-	-	-	608,508
Culture and recreation	-	-	-	-	-	1,585,065
Urban redevelopment and housing	-	-	-	-	-	2,000,093
Debt service:						
Principal	-	-	-	-	-	40,000
Interest	-	113,893	-	-	-	165,184
Capital outlay:						
Highways and streets	-	-	-	129,200	-	129,200
Buildings	-	-	-	-	-	680,943
Total expenditures	8,032	113,893	183	129,200	-	7,458,564
Excess (deficiency) of revenues over (under) expenditures	(523)	(57,345)	17,217	(129,200)	-	4,908,537
Other financing sources (uses):						
Transfers in	-	-	-	-	-	846,779
Total other financing sources and uses	-	-	-	1,174,349	105,651	(3,025,253)
Net change in fund balances	(523)	(57,345)	17,217	1,045,149	105,651	1,883,284
Fund balances - beginning	205,315	164,072	-	-	-	8,287,553
Fund balances - ending	\$ 204,792	\$ 106,727	\$ 17,217	\$ 1,045,149	\$ 105,651	\$ 10,170,837

CITY OF TERRE HAUTE
COMBINING STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
FIDUCIARY FUNDS
December 31, 2007

	Fire Pension Trust Funds	Police Pension Trust Funds	Pension Trust Funds
<u>Assets</u>			
Cash and cash equivalents	\$ 748,739	\$ 1,427,701	\$ 2,176,440
Receivables:			
Taxes receivable	<u>11,463</u>	<u>21,252</u>	<u>32,715</u>
Total assets	<u>760,202</u>	<u>1,448,953</u>	<u>2,209,155</u>
<u>Liabilities</u>			
Accounts payable	50	-	50
Deferred revenue	<u>11,463</u>	<u>21,252</u>	<u>32,715</u>
Total liabilities	<u>11,513</u>	<u>21,252</u>	<u>32,765</u>
<u>Net Assets</u>			
Held in trust for:			
Employees' pension benefits and other purposes	<u>\$ 748,689</u>	<u>\$ 1,427,701</u>	<u>\$ 2,176,390</u>

CITY OF TERRE HAUTE
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
 FIDUCIARY FUNDS
 For The Year Ended December 31, 2007

	Fire Trust Funds	Police Trust Funds	Total Pension Funds
<u>Additions</u>			
Contributions:			
Taxes	\$ 380,574	\$ 705,538	\$ 1,086,112
Intergovernmental	32,577	60,394	92,971
Pension relief	1,531,383	1,676,089	3,207,472
Plan members	<u>28,683</u>	<u>58,740</u>	<u>87,423</u>
Total additions	<u>1,973,217</u>	<u>2,500,761</u>	<u>4,473,978</u>
<u>Deductions</u>			
Benefits	2,387,598	2,453,977	4,841,575
Administrative expense	<u>17,671</u>	<u>16,575</u>	<u>34,246</u>
Total deductions	<u>2,405,269</u>	<u>2,470,552</u>	<u>4,875,821</u>
Changes in net assets	(432,052)	30,209	(401,843)
Net assets - beginning	<u>2,578,232</u>	-	<u>2,578,232</u>
Net assets - ending	<u>\$ 2,146,180</u>	<u>\$ 30,209</u>	<u>\$ 2,176,389</u>

CITY OF TERRE HAUTE
AUDIT RESULTS AND COMMENTS

BAD DEBTS AND UNCOLLECTIBLE ACCOUNTS

Accounts receivable for emergency medical service billings due to the City that were deemed uncollectible were deleted from the records. The Board of Public Works and Safety minutes presented for audit did not indicate that the billings deemed uncollectible and deleted from the records were approved. Additionally, there was no documentation presented for audit concerning the procedures for determining which billings are uncollectible and written off as bad debts.

During 2007, \$240,957 was written off by Emergency Medical Service Department personnel upon notification from insurance companies that no additional reimbursement was forthcoming. An additional \$32,268 was written off when Department personnel determined that individuals were unable to pay balances due. None of the total \$273,225 was submitted for approval by the Board of Public Works and Safety.

As noted in prior Reports B25986 for 2004, B27934 for 2005, and B31487 for 2006, \$249,471, \$240,634, and \$236,508, respectively, had been written off by Emergency Medical Service Department personnel upon notification from insurance companies that no additional reimbursement was forthcoming. An additional \$14,644, \$36,739, and \$36,603 was written off when Department personnel determined that individuals were unable to pay balances due. None of the totals of \$264,115, \$277,373, and \$274,112 had been submitted for approval by the Board of Public Works and Safety.

According to Chapter 4 Article 19 Section 4-293 of the Terre Haute City Code, a Nonreverting Emergency Medical Service Fund was created. Part (c) of Section 4-293 states: "Billing and record keeping shall be maintained by the City Controller's Office." Since the fund's inception in 2001, the billing and recordkeeping have been maintained at the City Fire Department office by an employee paid out of the Nonreverting Emergency Medical Service Fund.

The governing body of a governmental unit should have a written policy concerning a procedure for the writing off of bad debts, uncollectible accounts receivable, or any adjustments to record balances.

Documentation should exist for all efforts made by the governmental unit to collect amounts owed prior to any write-offs.

Officials or employees authorizing, directing or executing write-offs or adjustments to records which are not documented or warranted may be held personally responsible. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF TERRE HAUTE
AUDIT RESULTS AND COMMENTS
(Continued)

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

Some officials or employees of the City had money due from the City, but a list of such employees was not certified to the County Treasurer.

Indiana Code 6-1.1-22-14(a) states in part: "On or before June 1 and December 1 of each year . . . the disbursing officer of each political subdivision . . . shall certify the names and addresses of each person who has money due from the political subdivision to the treasurer of each county in which the political subdivision is located."

COMPENSATION AND BENEFITS

The salary ordinance set by the Common Council for 2007 lists various employees to be paid at an hourly rate. During the test of payroll transactions, it was determined that the hourly employees were paid an equal amount each pay period, instead of being paid for the exact hours worked in a specific pay period.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OVERDRAWN CASH BALANCES

The following funds had overdrawn cash balances as of December 31, 2007:

Fund	Amount
Cherry Street Project	\$ 293,823
Hulman Links Nonreverting	624,952
Rea Park Nonreverting	169,393

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE CITY OF TERRE HAUTE, VIGO COUNTY, INDIANA

Compliance

We have audited the compliance of the City of Terre Haute (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2007. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below.

A control deficiency in a City's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

This report is intended solely for the information and use of the City's management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

July 23, 2008

CITY OF TERRE HAUTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2007

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Pass-Through Indiana Department of Natural Resources Cooperative Forestry Assistance	10.664		\$ 12,500
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Direct Grant			
Community Development Block Grants/Entitlement Grants	14.218	B-06-MC-18-0012	1,187,559
Emergency Shelter Grants Program	14.231		
		S-06-MC-18-0012	50,716
		S-07-MC-18-0012	24,856
Total for program			75,572
HOME Investment Partnerships Program	14.239		
		M-05-MC-18-0012	5,916
		M-06-MC-18-0012	22,390
		M-07-MC-18-0012	25,850
Total for program			54,156
Rural Housing and Economic Development	14.250		232,512
Total for federal grantor agency			1,562,299
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant			
Local Law Enforcement Block Grants Program	16.592	2007-DJ-BX	11,386
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Direct Grant			
Federal Transit - Capital Grant	20.500		5,268,146
Direct Grant			
Federal Transit - Capital Investment Grant			
Federal Transit - Formula Grants	20.507		895,040
Total for federal grantor agency			6,163,186
Pass-Through Indiana Criminal Justice Institute Highway Safety Cluster			
State and Community Highway Safety Operation Pullover	20.600		37,036
Total federal awards expended			\$ 7,773,907

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF TERRE HAUTE
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Terre Haute (primary government) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

CITY OF TERRE HAUTE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted?	no
---	----

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	no
--	----

Identification of Major Programs:

Name of Federal Program or Cluster

Federal Transit Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
--	-----------

Auditee qualified as low-risk auditee?	yes
--	-----

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF TERRE HAUTE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF TERRE HAUTE
EXIT CONFERENCE

The contents of this report were discussed on July 23, 2008, with Duke A. Bennett, Mayor; and Leslie A. Ellis, Controller. The officials concurred with our audit findings. Other officials attending the exit conference were Jackie Loeb, Assistant Controller; Don Morris and Turk Roman, City Council members; Robert Murray, Board of Public Works; and Scott Walker, Financial Consultant.